

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

ORIGINAL

-----X
 In re :
 : Chapter 11 Case Nos.
 RHYTHMS NETCONNECTIONS INC., *et al.*, : 01-14283 (BRL)
 : through
 Debtors. : 01- 14287 (BRL)
 :
 -----X (Jointly Administered)

NOTICE OF RESCHEDULED HEARING DATE

PLEASE TAKE NOTICE that the following motions, originally scheduled for hearing between September 11, 2001 and September 21, 2001, have all been rescheduled for September 24, 2001 at 2:00 p.m.:

- Motion for Approval of Rejection of Additional Unexpired Leases of Nonresidential Real Property and Executory Contracts
- Motion for Approval of Rejection of Additional Network Contracts and Unexpired Leases
- Motion For Approval to Abandon Personal Property
- Motion for Approval of the Sale of All or Substantially All of the Debtors Assets

PLEASE TAKE FURTHER NOTICE that any responses or objections to the motions must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-182 (General Order M-182 and the User's Manual for the Electronic Case Filing System can be found at www.nysb.uscourts.gov the official website for the Bankruptcy Court), by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), Wordperfect or any other Windows-based word

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processing format (with a hard-copy delivered directly to Chambers), and shall be served in accordance with General Order M-182, upon (i) Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Paul M. Basta, Esq.), (ii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st floor, New York, New York 10004 (Attn: Tracy H. Davis, Esq.), and (iii) Milbank, Tweed, Hadley & McCloy, LLP, One Chase Manhattan Plaza, New York, New York 10005-1413 (Attn: Dennis Dunne, Esq.) so as to be received no later than September 21, 2001, at 11:00 a.m.

Dated: New York, New York
September 18, 2001

/S/ Paul M. Basta

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**SUPPLEMENT TO MOTION OF DEBTORS FOR
AUTHORITY TO SELL ALL OR SUBSTANTIALLY ALL
OF THEIR ASSETS AND MOTION TO ASSUME AND ASSIGN DESIGNATED
EXECUTORY CONTRACTS AND MOTION FOR INTERIM
APPROVAL OF LIMITED RECOURSE POSTPETITION FINANCING
AGREEMENT AND FOR SCHEDULING A FINAL HEARING THEREON**

TO THE HONORABLE BURTON R. LIFLAND
UNITED STATES BANKRUPTCY JUDGE:

Rhythms NetConnections Inc. (“Rhythms”) together with its wholly
owned subsidiaries, as debtors and debtors in possession (the “Debtors”), respectfully
represent:

Background

1. By motion dated August 1, 2001 (the “Sale Motion”), the Debtors
requested, among other things, authority to auction, and thereafter sell, all or substantially
all of their assets to one or more bidders. In order to facilitate the sale of their assets, the
Debtors requested that the Court establish various auction procedures. The Court

approved the auction procedures (the "Auction Procedures") by order dated August 8, 2001.

2. The Debtors are submitting this Supplement in accordance with the Auction Procedures to report to the Court that the auction has been closed, the identity of the winning bidder and to seek approval of the transaction with such bidder described herein.

The Auction Process

3. Pursuant to the Auction Procedures, all bids were due by September 7, 2001 and the bids were to be unconditional. The Debtors did not receive a conforming, unconditional "going concern" bid for the entirety of their network operating assets. However, the Debtors received a bid from WorldCom, Inc. ("WCOM") for substantially all of the personal property assets. The WCOM bid is evidenced by a purchase agreement (the "Purchase Agreement"), substantially in the form annexed hereto as Exhibit A. The bid is premised on the continued operation of a scaled down network consisting of the network operations center/headquarters facility and the right to use approximately 709 collocations (spaces in telephone companies' central offices where the Debtors' equipment is located) in 31 markets, a list of which is annexed hereto as Exhibit B. The 709 Assumed Central Office Locations represent approximately 57% of the Debtors' network in operation on August 1, 2001, and will enable WCOM to offer continued DSL service to a substantial percentage of Rhythms' customers. A schedule of the network contracts to be assumed and assigned, including the "Assumed Central Office Locations" under various interconnection and collocation agreements ("ICAs") with incumbent local exchange carriers ("ILECs"), is attached as Exhibit C.

4. The Debtors received no other meaningful bids for a significant portion of their network. Although the Debtors received another expression of interest from Greater Data Links International (“GDLI”), GDLI did not qualify financially as a bidder in accordance with the Court approved Auction Procedures.

5. In accordance with the Auction Procedures, the Debtors scheduled an auction for September 11, 2001 (the “Auction”). As a result of the September 11, 2001 terrorist attack on New York City, the auction was continued. From and after September 11, 2001, the Debtors considered the WCOM bid and engaged in discussions with GDLI. In addition, the Debtors received one bid for certain collocations and two bids for certain equipment.

6. After receiving the WCOM bid, the Debtors and WCOM negotiated the terms of the Purchase Agreement as well as a postpetition credit agreement to provide financing for the continued operations of the Debtors’ business. At the same time, the Debtors engaged in negotiations with GDLI over the terms of a potential bid.

7. Based upon the absence of any bid other than the WCOM bid for a significant portion of their network, and GDLI’s failure to provide evidence of their financial ability to consummate a transaction, provide a deposit or provide a signed bid, the Debtors determined that the WCOM bid was the highest and best bid. The Debtors retain the right to market (or abandon) certain other assets (for example, real estate assets) for which the Debtors did not receive bids.

The WCOM Transaction

8. The WCOM transaction consists of the Purchase Agreement whereby WCOM will purchase certain specified assets and assume certain liabilities. WCOM will also provide on a limited recourse basis, secured postpetition financing (the

“DIP Facility”) in an amount up to \$32 million to fund the operating expenses of the Debtors until the transaction can be consummated. More specifically, WCOM will assume and operate under the ICAs 709 central offices and acquire the network operating assets that the Debtors own in all such central offices and in their headquarters/network operations center located at Englewood, Colorado. In addition, WCOM is in the process of negotiating an equipment lease buyout with Cisco Systems Capital Corporation (“Cisco”) to acquire outright a substantial amount of network related equipment integral to the business that the Debtors’ use presently under an operating lease. This agreement may also adjust and fix as to amount and priority the claims that Cisco would otherwise assert against the Debtors upon the rejection of its operating leases in connection with the network shutdown scheduled presently for midnight on September 24, 2001. It is a condition of the transaction that the Debtors approve the amount and priority of any such claim asserted by Cisco.

9. The transaction has been structured to effectively shift the burden of funding the operating expenses of the business to WCOM pending closing under the Purchase Agreement, through the DIP Facility. In addition to offering the prospect of continued service to a substantial percentage of customers that have not already transitioned permanently to another carrier, the principal benefit to the Debtors of the WCOM transaction is the elimination of potentially significant claims against their estates. In addition, the transaction will result in a potentially material reduction in claims against the estates that would arise in the event of a complete shutdown, including the waiver of prepetition claims of WCOM and its affiliates against the Debtors in an amount in excess of \$3.8 million.

The WCOM Purchase Agreement

10. The following summarizes certain salient provisions of the Purchase Agreement between the Debtors and WCOM.¹

- Purchaser: WorldCom, Inc. (or its Affiliate)
- Assets to be Acquired: Interconnection and Collocation Agreements for Assumed Central Office Locations, contracts and leases, network equipment, accounts receivable existing on the Closing Date, the stock of Megapath Networks, Inc., licenses, permits, causes of action against Buyer and its affiliates, and other assets relating to the Business that are not expressly identified as “Excluded Assets.”
- Purchase Price: \$40 million (less a credit equal to the funded commitment and an adjustment for the unfunded commitment under the DIP Facility as of the Closing Date), assumed liabilities, and waiver of certain claims.
- Assumption of Liabilities: Generally, liabilities arising after the Closing Date and related to Assets (including contracts and leases) being purchased, but including Operating Expenses (which accrue after September 24, 2001 but are not paid prior to the Closing Date).
- Cure Amounts: To be paid by the Debtors from the Purchase Price.
- Indemnity: WCOM will indemnify the Debtors for damages incurred in the event the Debtors are compelled to resume operations after a shutdown (or continue operation) of the Business following termination of the Purchase Agreement.
- Interim Operations: The Debtors will use commercially reasonable efforts to conduct the business in the ordinary course (except that the Debtors may discontinue the operation of collocations that are not subject of the Purchase Agreement and reject contracts and leases that are not designated or subject to designation as Assumed Contracts) and abandon any property therein.
- Closing: Second business day after satisfaction of conditions.

¹ This summary is qualified in its entirety by reference to the Purchase Agreement. A copy of the proposed order approving such Purchase Agreement is annexed hereto as Exhibit D.

- Adequate Assurance: As of June 30, 2001, WCOM had over \$6.6 billion in cash and cash equivalents, and net income for the six months ending on June 30, 2001 of over \$700 million.

The DIP Facility

11. The following summarizes certain salient provisions of the limited-recourse DIP Facility between the Debtors and WCOM.²

- Borrower. Rhythms Net Connections Inc., Rhythms Links Inc., Rhythms Links – Virginia, Inc., and Rhythms Leasing Inc.
- DIP Lender. WorldCom, Inc. (or its Affiliate)
- DIP Commitments. \$32 million.
- Interim Advance. \$10 million.
- Term. The DIP Facility matures on the earlier of (i) the Closing Date as defined in the Purchase Agreement, and (ii) December 31, 2001.
- Use of Proceeds. The proceeds of the loans under the DIP Facility shall be used in accordance with the Budget (as described in the DIP Facility), to fund operating expenses of the business.
- Collateral/Priority. The obligations are secured by, and with recourse only to, the Collateral which consists of Assets to be purchased by WCOM pursuant to the Purchase Agreement.
- Interest. Advances under the DIP facility will bear interest at a rate equal to 10%.
- Mandatory Commitment Reductions/Prepayments. The aggregate Commitments under the DIP Facility shall be permanently reduced by 100% of the net cash proceeds from sales of the Assets (as defined in the Purchase Agreement).
- Financial Covenants. None

² This summary is qualified in its entirety by reference to the DIP Facility, substantially in the form annexed hereto as Exhibit E. A copy of the proposed order approving the DIP Facility on an interim basis is annexed hereto as Exhibit F.

- Conditions Precedent. The availability of the DIP Facility shall be conditioned upon satisfaction of, among other things, the following conditions precedent:
 - Entry of an interim order and final order, as the case may be, in form and substance satisfactory to WCOM, approving and authorizing, among other things, the DIP Facility.
 - Entry of the Approval Order (as defined in the Purchase Agreement) providing for the sale of the Assets (as defined in the Purchase Agreement) to WCOM and the assignment and assumption of the Assumed Central Office Locations.
- Other Provisions. The DIP Facility provides for certain representations and warranties, covenants and Events of Default, all as more fully set forth therein.

12. Section 364 of the Bankruptcy Code provides, in pertinent part, as

follows:

(c) If the trustee is unable to obtain unsecured credit allowable under section 503(b)(1) of this title as an administrative expense, the court, after notice and a hearing, may authorize the obtaining of credit and the incurring of debt –

- (1) secured by a lien on property of the estate that is not otherwise subject to a lien; or
- (2) secured by a junior lien on property of the estate that is subject to a lien

13. The DIP Facility is an essential element of the WCOM transaction.

Without the DIP Facility, the purpose of which is to fund the “cash burn” of the Business through closing under the Purchase Agreement, the Debtors would not be entering into the transaction with WCOM but instead would shut down the entire network. The reason is simple – the proposed transaction does not justify the Debtors funding operations with their own cash and taking the risk that the transaction will not be consummated.

14. Under the terms of the DIP Facility, the Debtors will be entitled to borrow \$10 million following entry of the interim order approving the DIP Facility, the Approval Order and the satisfaction of certain other conditions. This amount will be used to fund the operating expenses pending the entry of the final financing order. The balance of the commitments under the DIP Facility will be available after entry of the final order approving the DIP Facility and the satisfaction of certain other conditions.

15. The Debtors submit that the DIP Facility is in the best interests of their creditors and estates. The Debtors have conducted an open and well publicized auction at which WCOM was the only bidder to submit a meaningful bid. Unless the transaction with WCOM is approved, the Debtors' network assets will have no significant value, as many tangible assets will be abandoned and the rejection of executory contracts and leases will result in the material escalation of claims. Furthermore, the Debtors are incurring substantial daily operating losses. Under these circumstances, the Debtors submit that the possibility of any party other than WCOM (as the successful bidder at the auction) lending money to the Debtors is remote at best.

16. The limited recourse nature of the DIP Facility reduces the risk that the Debtors' estates will be exposed to additional claims in the event that the transaction is not consummated.

Contracts and Leases to be Assumed and Assigned

17. WCOM will be acquiring by assumption and assignment, effective as of the Closing Date, the contracts and leases set forth on Exhibit C hereto.

18. Many of the Assumed Contracts consist of ICA's with the ILECs that provide for, among other things, the Debtors to locate their equipment in areas (collocations) owned or leased by the ILECs. The Debtors believe that their right to use

each collocation arises under a separate contract and may be assumed and assigned separately pursuant to section 365 of the Bankruptcy Code. The Purchase Agreement is conditioned upon a determination by the Court that each collocation can be assumed and assigned independently. Indeed, it is a condition to funding under the DIP Facility that the Court determine that the collocations can be assumed on an individual basis.

19. Other contracts and leases will not be assumed and assigned but rather, will be rejected. On August 23, 2001, this Court approved the Debtors' motion seeking to reject substantially all of their network contracts at 11:59 p.m. on the date of the auction in the absence of a bid for their assumption (the "First Rejection Motion"). Additionally, on August 27, 2001, the Debtors filed a motion seeking to reject additional network contracts pursuant to the same procedure (the "Additional Rejection Motion" and together with the First Rejection Motion, the "Rejection Motions"). A hearing on such motion was originally scheduled on September 11, but was rescheduled due to the closure of the Bankruptcy Court last week. Finally, on August, 27, 2001, the Debtors filed a motion to abandon personal property, including certain property in the Debtors' collocation sites, that was not subject to bidding at the Auction (the "Abandonment Motion").

20. The Rejection Motions and the Abandonment Motion contemplated that the identity of the contracts to be assumed and assigned, the identity of the contracts to be rejected and the identity of property to be abandoned would be dictated by the outcome of the auction. The WCOM transaction provides this information. Based upon the WCOM transaction:

- The contracts and leases to be assumed and assigned are set forth on Exhibit C hereof;
- The contracts that will be rejected, and the effective dates of the rejections, are set forth on Exhibit G hereof*;
- The contracts or leases not listed on Exhibit G, but included in either of the Debtors' Rejection Motions shall be deemed rejected as of September 24, 2001;
- The personal property located in the collocation sites to be rejected pursuant to Exhibit G shall be abandoned on the effective dates of such rejections; and
- Any other personal property of the Debtors to be abandoned pursuant to the Abandonment Motion shall be abandoned in accordance with such Motion.

21. Finally, in the event the transaction with WCOM is not consummated, WCOM ceases funding under the DIP Facility, or there is a default under the DIP Facility (which is not waived by WCOM), the Debtors request that the contracts designated for assumption and assignment to WCOM be deemed effective as of the date that WCOM ceases to fund.

Cure Amounts

22. The Debtors have previously filed schedules of amounts that they believe represent the maximum cure amount they would have to pay to the contract counterparties under the Assumed Contracts. Because the Debtors believe that the ICAs are divisible contracts that may be assumed and assigned as separate contracts for purposes of section 365 of the Bankruptcy Code, the Debtors have determined the

* The rejection dates are "staggered" in order to ease the transition of services to WCOM.

maximum amounts that are needed to cure defaults with respect to the Assumed Central Office Locations under each ICA. A revised schedule of the cure amounts related to the Assumed Central Office Locations is set forth on Exhibit C hereto.

Notice

23. No trustee or examiner has been appointed in the Debtors' chapter 11 cases. Notice of this Motion has been provided to all parties on the Master Service List pursuant to the Order establishing Notice Procedures approved by this Court on August 2, 2001. The Debtors submit that no other or further notice need be provided.

24. Except as set forth in the Sale Motion, no previous application for the relief requested herein has been made to this or any other court.

25. Pursuant to Local Bankruptcy Rule for the Southern District of New York 9013-1(b), because there are no novel issues of law presented herein, the Debtors respectfully request that the Court waive the requirement that the Debtors file a memorandum of law in support of this motion. The Debtors intend to file a supplemental

memorandum with respect to the divisibility and severability of the Interconnection and Collocation Agreement.

WHEREFORE the Debtors respectfully request that the Court enter an order approving the Purchase Agreement, approving the DIP Facility on an interim basis, schedule a final hearing on the motion to approve the DIP Facility, and grant the Debtors such other and further relief as is just and proper.

Dated: New York, New York
September 17, 2001

/S/ Paul M. Basta

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Attorneys for Debtors and

Debtors in Possession

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New York, NY 10153

Telephone: (212) 310-8000

**ATTORNEYS FOR DEBTORS And
DEBTORS IN POSSESSION**

Exhibit A

ASSET PURCHASE AGREEMENT

dated as of _____, 2001

by and among

RHYTHMS NETCONNECTIONS INC.

RHYTHMS LINKS INC.

RHYTHMS LINKS INC. – VIRGINIA

RHYTHMS LEASING INC.

and

WORLDCOM, INC.

TABLE OF CONTENTS

	Page
I	DEFINITIONS 2
1.1.....	<u>Defined Terms</u> 2
1.2.....	<u>Other Defined Terms</u> 5
1.3.....	<u>Other Definitional Provisions</u> 6
II.	TRANSFER OF ASSETS AND LIABILITIES 6
2.1.....	<u>Assets to be Sold</u> 6
2.2.....	<u>Excluded Assets</u> 7
2.3.....	<u>Liabilities to be Assumed by Buyer</u> 8
2.4.....	<u>Excluded Liabilities</u> 9
2.5.....	<u>Assumed Real Property Leases, Assumed Equipment Leases and Assumed Contracts</u> 10
III.	CLOSING 10
3.1.....	<u>Closing; Transfer of Possession; Certain Deliveries</u> 10
3.2.....	<u>Purchase Price</u> 11
3.3.....	<u>Allocation of Purchase Price</u> 12
IV.	REPRESENTATIONS AND WARRANTIES OF SELLERS 12
4.1.....	<u>Existence, Good Standing and Power</u> 13
4.2.....	<u>Authority</u> 13
4.3.....	<u>Execution and Binding Effect</u> 13
4.4.....	<u>No Violation</u> 13
4.5.....	<u>Third Party Approvals</u> 13
4.6.....	<u>Brokers and Finders</u> 14
4.7.....	<u>FCC/State PUC Matters</u> 14
4.8.....	<u>Environmental Matters</u> 15
4.9.....	<u>Employee Benefits; Labor Matters</u> 15
4.10.....	<u>Real Property</u> 16
4.11.....	<u>Title to and Use of Property</u> 16
4.12.....	<u>Intellectual Property</u> 17
4.13.....	<u>Network Equipment Assets</u> 18
4.14.....	<u>Assumed Contracts and Equipment Leases</u> 18
4.15.....	<u>Limitation on Seller's Representation and Warranties</u> 18
V.	REPRESENTATIONS AND WARRANTIES OF BUYER 19
5.1.....	<u>Existence, Good Standing and Power</u> 19
5.2.....	<u>Authority</u> 19
5.3.....	<u>Execution and Binding Effect</u> 19

TABLE OF CONTENTS
(continued)

	Page
<u>5.4</u> <u>No Violation</u>	19
<u>5.5</u> <u>Third Party Approvals</u>	19
<u>5.6</u> <u>Brokers and Finders</u>	20
<u>5.7</u> <u>No Continuation of Business</u>	20
<u>5.8</u> <u>Financing</u>	20
VI. COVENANTS OF THE PARTIES	20
<u>6.1</u> <u>Conduct of Business by Sellers Pending the Closing</u>	20
<u>6.2</u> <u>Access and Information</u>	21
<u>6.3</u> <u>Public Announcements; Third Party Contacts</u>	21
<u>6.4</u> <u>HSR</u>	22
<u>6.5</u> <u>Entry of Approval Order</u>	22
<u>6.6</u> <u>Reasonable Efforts</u>	22
<u>6.7</u> <u>Notification of Certain Matters</u>	23
<u>6.8</u> <u>Employees</u>	23
<u>6.9</u> <u>Payment of Transfer Taxes and Tax Filings</u>	25
<u>6.10</u> <u>Utilities</u>	26
<u>6.11</u> <u>Proration of Taxes and Certain Charges</u>	26
<u>6.12</u> <u>Communications Licenses</u>	27
<u>6.13</u> <u>Rejected Contracts</u>	27
<u>6.14</u> <u>Competing Transaction</u>	27
<u>6.15</u> <u>Disclosure Supplements</u>	27
<u>6.16</u> <u>FCC Applications/State PUC Applications</u>	27
<u>6.17</u> <u>Use of Name</u>	29
VI-A ADDITIONAL POST-CLOSING COVENANTS	29
<u>6A.1</u> <u>Alternative Tax Procedure</u>	29
<u>6A.2</u> <u>Further Assurances</u>	29
<u>6A.3</u> <u>Further Agreements</u>	29
<u>6A.4</u> <u>Removal of Excluded Assets</u>	29
<u>6A.5</u> <u>Post-Closing Access to Records and Personnel</u>	29
<u>6A.6</u> <u>Continued Cooperation</u>	30
VII. CONDITIONS TO OBLIGATIONS OF THE PARTIES	30
<u>7.1</u> <u>Conditions Precedent to Obligations of the Sellers and Buyer</u>	30
<u>7.2</u> <u>Conditions Precedent to Obligations of Buyer</u>	31
<u>7.3</u> <u>Conditions Precedent to the Obligations of the Sellers</u>	32

TABLE OF CONTENTS
(continued)

	Page
VIII. TERMINATION	33
<u>8.1.</u> <u>Termination of Agreement</u>	33
<u>8.2.</u> <u>No Liabilities in Event of Termination</u>	33
IX. INDEMNIFICATION	34
<u>9.1.</u> <u>Indemnification</u>	34
X. GENERAL PROVISIONS	36
<u>10.1.</u> <u>Expenses</u>	36
<u>10.2.</u> <u>Assignment</u>	36
<u>10.3.</u> <u>Parties in Interest</u>	36
<u>10.4.</u> <u>Notices</u>	36
<u>10.5.</u> <u>Choice of Law</u>	37
<u>10.6.</u> <u>Non-Survival of Representations, Warranties and Agreements</u>	37
<u>10.7.</u> <u>Entire Agreement; Amendments and Waivers</u>	38
<u>10.8.</u> <u>Counterparts</u>	38
<u>10.9.</u> <u>Severability; Invalidity</u>	38
<u>10.10.</u> <u>Headings</u>	38
<u>10.11.</u> <u>Exclusive Jurisdiction</u>	38
<u>10.12.</u> <u>Waiver of Right to Trial by Jury</u>	38
<u>10.13.</u> <u>Beneficiaries</u>	38
<u>10.14.</u> <u>Specific Performance</u>	39
<u>10.15.</u> <u>Counting</u>	39
<u>10.16.</u> <u>Service of Process</u>	39
<u>10.17.</u> <u>Amendment</u>	39
<u>10.18.</u> <u>Time of Essence</u>	39
<u>10.19.</u> <u>Waiver</u>	39
<u>10.20.</u> <u>Schedules</u>	39
<u>10.21.</u> <u>Interpretation</u>	39
<u>10.22.</u> <u>Preparation of this Agreement</u>	40

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") is dated as of September __, 2001 by and between Rhythms NetConnections Inc., a Delaware corporation, Rhythms Links Inc., a Delaware corporation, Rhythms Links Inc. – Virginia, a Virginia corporation and Rhythms Leasing, Inc., a Nevada corporation (collectively with Rhythms, "Sellers"), and WorldCom, Inc. a Georgia corporation ("Buyer").

WITNESSETH:

WHEREAS, the Sellers are engaged in the business of providing high speed data transmission through digital subscriber line technology;

WHEREAS, Sellers commenced cases (collectively the "Case") under chapter 11 of title 11 of the United States Code, 11 U.S.C. Sections 101 et seq. (the "Bankruptcy Code") on August 1, 2001 by filing voluntary petitions with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court");

WHEREAS, the sale of assets and liabilities of the business are subject to the supervision and control of Sellers subject to the approval of the Bankruptcy Court;

WHEREAS, on August 8, 2001, the Bankruptcy Court entered an order authorizing, among other things, procedures for a proposed auction sale of all or substantially all of the debtors' assets (the "Procedure Order");

WHEREAS, the Buyer and the Sellers have entered into that certain Credit and Security Agreement, pursuant to which the Buyer has agreed to provide Post-Petition Financing (as defined below) to the Sellers through the Closing Date on the terms and subject to the conditions set forth therein;

WHEREAS, Sellers wish to sell to Buyer and Buyer wishes to purchase from Sellers certain tangible and intangible assets necessary to provide high speed data transmission to customers through digital subscriber line technology in markets served by the 710 central offices identified in Schedule 2.1(e) herein (the "Assumed Central Office Locations") and the network operations center ("Network Operations Center") located at Sellers' headquarters in Englewood, Colorado (the "Business") and to assume from Seller certain Liabilities of the Business, all in the manner and subject to the terms and conditions set forth herein, and pursuant to, inter alia, Sections 105, 363, 364 and 365 of the Bankruptcy Code and the applicable Federal Rules of Bankruptcy Procedure.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the terms and conditions hereof, the parties, intending to be legally bound, hereby agree as follows:

I. DEFINITIONS

1.1. Defined Terms. As used herein, the terms below shall have the following respective meanings:

“Affiliate” shall have the meaning set forth in (i) Rule 12b-2 of the General Rules and Regulations of the Securities Exchange Act of 1934, as amended, or (ii) Section 101 of the Bankruptcy Code.

“Agreement” shall mean this Asset Purchase Agreement (together with all Schedules and exhibits referenced herein).

“Approval Order” shall have the meaning ascribed to such term in Section 7.1(b).

“Breakup Fee” shall mean that fee payable to Buyer by Sellers in the event a Competing Transaction is approved and consummated, such fee shall equal two percent (2%) of the Purchase Price.

“Business Day” shall mean any day other than a Saturday, Sunday or a legal holiday on which banking institutions in the State of New York are not required to open.

“Communications Licenses” shall mean the FCC Licenses and the State PUC Licenses.

“FCC” shall mean the Federal Communications Commission.

“FCC Licenses” shall mean all licenses, permits, certificates, franchises, registrations and other authorizations issued by the FCC held by a Seller.

“Governmental Entity” shall mean any (i) federal, state, local, municipal, foreign or other government; (ii) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); or (iii) body exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature, including any arbitral tribunal.

“HSR” shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and any successor Law and the rules and regulations thereunder or under any successor law.

“Interconnection and Collocation Agreements” shall mean those executory contracts between Sellers and Incumbent Local Exchange Carriers that specify, inter alia, the parties’ rights, duties and obligations with respect to collocation facilities.

“Law” shall mean any federal, state, local or foreign statute, law, ordinance, regulation, rule, code, order, principle of common law, judgment enacted, promulgated, issued, enforced or entered by any Governmental Entity, or other requirement or rule of law.

“Liabilities” shall mean, as to any Person, all debts, adverse claims, liabilities, commitments, responsibilities, and obligations of any kind or nature whatsoever, direct, indirect, absolute or contingent, of such Person, whether accrued, vested or otherwise, whether known or unknown and whether or not actually reflected, or required to be reflected, in such Person’s balance sheets or other books and records.

“Lien” shall mean any claim, pledge, option, charge, hypothecation, easement, security interest, right-of-way, encroachment, mortgage, deed of trust or other encumbrance.

“Material Adverse Effect” shall mean a material adverse effect on the Business, taken as a whole, or any development which could be reasonably expected to delay or prevent the consummation of the transactions contemplated hereby or which could be reasonably expected to materially and adversely affect the value of the Assets, taken as a whole.

“Material Decision” shall mean any of the following to the extent the same may affect the Assets, the Assumed Liabilities, or the Business following the Closing: (i) any entering into any material contract, including purchase orders the payment of which shall become due after the Closing, involving in excess of \$10,000; (ii) termination of any executory contract or lease that involves future payments in excess of \$10,000; (iii) material amendment or waiver of any Seller’s rights in respect of any executory contract or lease (for purposes of the clause (iii), “material” shall mean a value in excess of \$10,000; (iv) any action to respond to any material customer or regulatory complaint outside of the normal course of business; (v) any communication with customers of the Business, concerning the transaction contemplated herein and/or the status of the operation of the Business; or (vi) any material change of any Seller’s methods of collecting accounts receivable or any making or agreeing to make any settlement concerning an account receivable in excess of \$1,000.

“Network Equipment Assets” shall mean all the communications and computer equipment owned by Sellers, including, without limitation, routers, ATM switches, digital subscriber line access multiplexers, modems and consumer premises equipment owned by the Sellers, and in service at the Network Operations Center or the Assumed Central Office Locations, or held in inventory or storage at any location other than a discontinued central office location.

“Operating Expenses” shall mean operating expenses related to the Business that are incurred by a Seller in the ordinary course of its business, related to the period after the date of the approval of the Post-Petition Financing and which are identified in the Budget (as defined in the Post-Petition Financing documents) in reasonable detail. If and to the extent that an operating expense relates to both (a) the Business and (b) Sellers’ other activities, only that portion of the operating expense that is reasonably allocable to the Business shall be included as an Operating Expense.

“Order” shall mean any judgment, order, injunction, writ, ruling, decree, stipulation or award of any Governmental Entity or private arbitration tribunal.

“Person” shall mean an individual, a partnership, a joint venture, a corporation, a business trust, a limited liability company, a trust, an unincorporated organization, a joint stock company, a labor union, an estate, a Governmental Entity or any other entity.

“Post-Petition” shall mean any time after the commencement of the Case.

“Post-Petition Financing” shall mean the financing extended by Buyer or one of its Affiliates to Sellers, pursuant to Section 364 of the Bankruptcy Code and as approved by the Bankruptcy Court pursuant to one or more orders entered in the Case.

“Proceeding” shall mean any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Entity or arbitrator.

“Representative” shall mean, with respect to any Person, such Person’s officers, directors, employees, agents and representatives (including any investment banker, financial advisor, accountant, legal counsel, agent, representative or expert retained by or acting on behalf of such Person or its subsidiaries).

“Sale Motion” shall mean the motion or motions of Sellers, seeking approval and entry of the Approval Order.

“State PUC” shall mean any state and local public service and public utilities commission having regulatory authority over the Business, as conducted in any given jurisdiction.

“State PUC Licenses” shall mean all licenses, permits, certificates, franchises, consents, waivers, registrations or other regulatory authorizations from the appropriate governmental authority in each applicable jurisdiction including, without limitation, the State PUCs held by the Sellers.

“Tax” or “Taxes” shall mean any federal, state, county, local, foreign and other income, profits, gains, net worth, sales and use, ad valorem, gross receipts, business and occupation, license, estimated, stamp, custom duties, occupation, property (real or personal), franchise, capital stock, license, excise, value added, payroll, employees, income withholding, social security, unemployment or other tax, any penalty, addition to tax and interest on the foregoing.

“Transfer Tax” or “Transfer Taxes” shall mean any federal, state, county, local, foreign and other sales, use, transfer, conveyance, documentary transfer, recording or other similar tax, fee or charge imposed upon the sale, transfer or assignment of property or any interest therein or the recording thereof, and any penalty, addition to tax or interest with respect thereto, but such term shall not include any tax on, based upon or measured by, the net income, gains or profits from such sale, transfer or assignment of the property or any interest therein.

“WARN” shall mean the Worker Adjustment and Retraining Notification Act of 1988, as amended, and any successor Law, and the rules and regulations thereunder and under any successor Law and/or similar state Law.

1.2. Other Defined Terms. The following additional terms shall have the meanings defined for such terms in the Sections set forth below:

<u>Term</u>	<u>Section</u>
Assets	2.1
Assumed Central Office Locations	Recitals
Assumed Contracts	2.1(e)
Assumed Equipment Leases	2.1(b)
Assumed Liabilities	2.3
Assumed Real Property Leases	2.1(a)
Bankruptcy Code	Recitals
Bankruptcy Court	Recitals
Business	Recitals
Buyer	Recitals
Case	Recitals
Claims	2.2(e)
Closing	3.1(a)
Closing Date	3.1(a)
COBRA	2.3(e)
Code	4.9(b)
Competing Transaction	6.14
Cure Amounts	2.5
Damages	9.1(a)
DOJ	6.4
Earnest Money Deposit	3.2
Employees	6.8
Equipment	2.1(c)
ERISA Affiliate	2.4(f)
Excluded Assets	2.2
Excluded Liabilities	2.4
Expense Reimbursement	6.5(b)
FCC Applications	6.16(a)
Indemnified Party	9.1(b)
Indemnifying Party	9.1(b)
Intellectual Property	4.12
Network Operations Center	Recitals
Notice	9.1(b)
Procedure Order	Recitals
Purchase Price	3.2
Sellers	Recitals
Sellers' Plans	4.9
Software	2.1(j)
State PUC Applications	6.16(b)

1.3. Other Definitional Provisions.

(a) The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and Schedule references are to this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both singular and plural forms of such terms.

II. TRANSFER OF ASSETS AND LIABILITIES

2.1. Assets to be Sold. Subject to Section 2.2, the other provisions of this Agreement and the Approval Order, at Closing, Sellers shall sell, convey, assign, transfer and deliver to Buyer, and Buyer shall purchase, acquire, and accept from Sellers all of Sellers’ right, title and interest in and to all of the assets of Sellers, including all assets comprising or relating to the Business, other than the Excluded Assets, free and clear of all Liens and Liabilities, collectively, the “Assets,” including:

(a) The leases or subleases and all amendments thereto under which any Seller is a lessor or lessee or sublessor or sublessee of real property which are used in the operation of the Business as set forth on Schedule 2.1(a) (collectively, the “Assumed Real Property Leases”);

(b) The equipment leases which relate to equipment used in the operation of the Business as set forth on Schedule 2.1(b) (the “Assumed Equipment Leases”);

(c) The furniture, fixtures, equipment (including customer premises equipment), machinery, vehicles, computers and associated hardware, supplies, spare parts, equipment inventory and other tangible personal property owned by Sellers including the Network Equipment Assets (collectively, the “Equipment”), and all warranties, representations and guarantees if any, express or implied, existing for the benefit of such Sellers from third parties relating to the Equipment, to the extent transferable;

(d) All licenses, permits, franchises, certificates of occupancy, registrations and approvals and other authorizations of any Governmental Entity to the extent the same are transferable or assignable, which are used in the operation of the Business as set forth on Schedule 2.1(d);

(e) The contracts and agreements of the Sellers pertaining to and necessary for the operation of the Business in the ordinary course as set forth on Schedule 2.1(e) (collectively, the “Assumed Contracts”), subject to the limitation that the Buyer shall assume the Interconnection and Collocation Agreements set forth on Schedule 2.1(e) only with respect to the Assumed Central Office Locations;

(f) Accounts receivable of the Sellers (including all accounts receivable payable to Sellers by Buyer or any of its Affiliates) existing on the Closing Date;

(g) All books, records, files or papers of Sellers, whether in hard copy or computer format, relating to the Assets or to the operation of the Business, including, without limitation, engineering information, sales and promotional literature, manuals and data, sales and purchase correspondence, personnel and employment records, customer lists, vendor lists, catalogs, research material, technical information, trade secrets, technology, know-how, specifications, designs, drawings, processes and quality control data, if any, or any other intangible property and applications for the same used in the operation of the Business as set forth on Schedule 2.1(g);

(h) All of Sellers' Intellectual Property and the rights to sue for, and remedies against, past, present and future infringements thereof and the rights of priority and protection of interests therein under applicable laws used in the operation of the Business as set forth on Schedule 2.1(h), to the extent the same is transferable or assignable;

(i) Intentionally omitted;

(j) All computer software programs, management information systems, URLs, source codes and databases used by the Sellers whether owned, licensed, leased, or internally developed (in each case, subject to applicable restrictions) used in the operation of the Business as set forth on Schedule 2.1(j) (the "Software");

(k) All telephone numbers and electronic mail addresses owned and used by the Sellers in the conduct of the Business used in the operation of the Business as set forth on Schedule 2.1(k);

(l) All rights, demands, claims and causes of action that Sellers may have against Buyer or any of its Affiliates, including, but not limited to, causes of action based on Chapter 5 of the Bankruptcy Code;

(m) All credits, prepaid expenses, advance payments and other prepaid items used in the operation of the Business as set forth on Schedule 2.1(m);

(n) cash and cash equivalent constituting the proceeds of the collateral securing the Post-Petition Financing; and

(o) All shares of Series D Preferred Stock of Megapath Networks, Inc., owned by Rhythms.

2.2. Excluded Assets. The Assets shall not include any of Sellers' right, title or interest in or to any of the following assets, properties and rights expressly enumerated (collectively, the "Excluded Assets");

(a) Any cash and cash equivalents (other than cash and cash equivalents that constitute the proceeds of the collateral securing the Post-Petition Financing), certificates of deposit, Treasury bills and other marketable securities owned by Sellers as of the Closing Date;

- (b) Any security, vendor, utility or other deposits posted or paid by any Seller other than those set forth on Schedule 2.1(m);
- (c) Any contracts or agreements other than the Assumed Contracts, the Assumed Central Office Locations, the Assumed Equipment Leases or the Assumed Real Property Leases;
- (d) Any assets and any rights under any plan or any agreement relating to employee benefits, employment or compensation of any Seller or its respective employees;
- (e) All rights, demands, claims, actions and causes of action (collectively, the “Claims”) that Sellers may have against any third party, including any Governmental Entity, including, but not limited to, causes of action based on Chapter 5 of the Bankruptcy Code (subject to the limitation that Sellers shall waive any such claims that arise from or relate to any Assumed Contract, any Assumed Equipment Leases or any Assumed Real Property Leases) and for refund or credit of any type with respect to Taxes accrued with respect to periods ending on or prior to the Closing Date;
- (f) All Claims which Sellers may have against any third Person with respect to any Excluded Assets;
- (g) All Claims and defenses (other than warranty Claims relating to Equipment referred to in Section 2.1(c)) which Sellers may have against any Person with respect to any Contract which have not been expressly assumed;
- (h) Any insurance policy, insurance claims, and insurance proceeds (other than insurance proceeds arising from damages to an Asset, which insurance proceeds shall constitute as Asset), except as otherwise provided herein;
- (i) The capital stock of the Sellers;
- (j) Any real property interests, whether owned or leased, of any Seller, other than the Assumed Real Property Leases, and the Excluded Assets specifically includes, among others, the real property located at 7801 South Chester, Englewood, Colorado 80112; and
- (k) The shares of Series B Preferred Stock of At Home Network Solution, Inc, owned by Rhythms.

2.3. Liabilities to be Assumed by Buyer. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Buyer shall assume and thereafter pay, perform when due and discharge only the following Liabilities of Sellers (collectively, the “Assumed Liabilities”):

- (a) Liabilities arising out of the ownership of the Assets and the operation of the Business by Buyer, including, without limitation, Liability for personal injury of customers or employees, but only to the extent that the event or state of facts giving rise to such Liability occurs after the Closing Date;

(b) Liabilities under the Assumed Real Property Leases arising from and related to the period after the Closing Date;

(c) Liabilities under the Assumed Contracts, including with respect to the Assumed Central Office Locations, arising from and related to the period after the Closing Date;

(d) Liabilities under the Assumed Equipment Leases arising from and related to the period after the Closing Date;

(e) Liabilities for Operating Expenses accrued as of the Closing Date;

(f) Liabilities related to the termination of employment of any Buyer Hire, including, but not limited to any Liability arising under WARN, with respect to the termination of any Buyer Hire;

(g) Liabilities under Section 4980B of the Internal Revenue Code or similar state law ("COBRA") and as otherwise set forth in Section 6.8(e); and

(h) To the extent the transfer of the Assets is not exempt pursuant to Section 1146 of the Bankruptcy Code and the Approval Order, Liabilities for any and all Transfer Taxes due as a result of the transactions contemplated by this Agreement.

2.4. Excluded Liabilities. Notwithstanding anything to the contrary contained herein, Buyer shall not assume, or in any way be liable or responsible for, and shall be deemed not to have assumed any Liabilities except for the Assumed Liabilities (it being understood that Buyer is expressly disclaiming any express or implied assumption of any Liabilities of the Sellers of any kind, character or description other than the Assumed Liabilities), and without limiting the generality of the foregoing, Sellers shall be solely and exclusively liable with respect to all Liabilities of Sellers other than the Assumed Liabilities (collectively, the "Excluded Liabilities"), including, but not limited to, those Liabilities set forth below:

(a) Any Liabilities which arise, out of, or in connection with, the Excluded Assets;

(b) Any Liabilities under the Assumed Contracts that arose or accrued prior to the Closing Date;

(c) Any Liabilities under the Assumed Equipment Leases and the Assumed Real Property Leases that arose or accrued prior to the Closing Date;

(d) Any Liabilities arising out of, or in connection with, any Proceedings arising out of the operation of the Business prior to the Closing Date;

(e) Any Liabilities arising out of or in connection with any indebtedness of Sellers to their lenders;

(f) Except for Liabilities set forth in Sections 2.3(f) and 2.3(g) and as provided in Section 6.8, any Liabilities attributable to, incurred in connection with, arising from, or relating to, any collective bargaining agreement, or any bonus, incentive, deferred compensation, medical, health, life or other insurance, welfare, fringe benefit, severance, termination, retention, consulting, change of control, employment, stock option, stock appreciation right, stock purchase, phantom stock or other equity-based, performance, pension, retirement or any other incentive, compensation or benefit plan, program, policy, agreement or arrangement (including, but not limited to, any “employee benefit plan” as defined in Section 3(3) of ERISA), sponsored, maintained, contributed to or required to be contributed to at any time by Sellers or any trade or business which together with Sellers would be deemed (or at any time would have been) a “single employer” within the meaning of section 4001 of ERISA (each, an “ERISA Affiliate”), for the benefit of any current or former employee, officer, director, agent or consultant of Sellers, or any ERISA Affiliate, whether formal or informal and whether legally binding or not; and

(g) Any Liabilities for income Taxes of Seller and any other Taxes of Sellers of any kind (other than Transfer Taxes referred to in Section 2.3(h)), including, but not limited to, all Taxes attributable to, incurred in connection with or arising out of the operation of the Business or the ownership of the Assets, prior to the Closing Date, regardless of when due or assessed.

2.5. Assumed Real Property Leases, Assumed Equipment Leases and Assumed Contracts. At Closing and pursuant to Section 365 of the Bankruptcy Code, Sellers shall assume and assign to Buyer the Assumed Real Property Leases, the Assumed Equipment Leases and the Assumed Contracts. The cure amounts, as determined by the Bankruptcy Court, if any (the “Cure Amounts”), necessary to cure all defaults, if any, and to pay all actual or pecuniary losses that have resulted from such defaults under the Assumed Real Property Leases, the Assumed Equipment Leases and the Assumed Contracts, and payable in order to effectuate the assumption and assignment of the Assumed Real Property Leases, the Assumed Equipment Leases and the Assumed Contracts by Sellers to the Buyer under the Approval Order shall be paid by Sellers from the Purchase Price and Buyer shall have no Liability therefor.

III. CLOSING

3.1. Closing; Transfer of Possession; Certain Deliveries.

(a) Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been abandoned pursuant to Article VIII hereof, the closing of the transactions contemplated herein (the “Closing”) shall take place on the second Business Day after the conditions set forth in Article VII shall have been satisfied or waived or on such other date as the parties hereto shall mutually agree, such date to be as soon as practicable following entry of the Approval Order. The Closing shall be held at the offices of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, at 10:00 a.m., local time, unless the parties hereto otherwise agree. The actual time and date of the Closing are herein called the “Closing Date.”

(b) At the Closing, Sellers shall deliver to Buyer:

(i) A duly executed bill of sale in form and substance reasonably satisfactory to Buyer;

(ii) A certified copy of the Approval Order;

(iii) The officer's certificates required to be delivered pursuant to Section 7.2(c) hereof; and

(iv) All other documents, certificates, instruments of conveyance and transfer, in form and substance reasonably acceptable to Buyer, as may be reasonably necessary to transfer and convey the Assets to Buyer or Buyer's designee, free and clear of any Liens and Liabilities thereon including: (i) a duly executed Assignment and Assumption Agreement in form and substance reasonably satisfactory to Buyer; and (ii) an assignment of lease, dated as of the Closing Date, with respect to each Assumed Contract that is a lease, in form and substance reasonably satisfactory to Buyer.

(c) At the Closing, Buyer shall deliver to Sellers:

(i) The Purchase Price;

(ii) All certificates required by all relevant taxing authorities that are necessary to support any claimed exemption from the imposition of Transfer Taxes;

(iii) The officer's certificate required to be delivered pursuant to Section 7.3(c) hereof;

(iv) An assumption agreement dated as of the Closing Date, in form and substance reasonably satisfactory to Sellers pursuant to which Buyer shall assume all Assumed Liabilities; and

(v) All other instruments of transfer, in form and substance reasonably satisfactory to Sellers, as may be necessary to assume the Assumed Liabilities.

3.2. Purchase Price. In consideration for the Assets, and subject to the terms and conditions of this Agreement, Buyer shall (i) assume the Assumed Liabilities as provided in Section 2.3; (ii) for itself and on behalf of its Affiliates, waive all accounts payable owed by any Seller as of the commencement of the Case to the Buyer and/or its Affiliates; and (iii) at the Closing shall pay to Sellers in immediately available funds, by wire transfer to an account or accounts designated by Sellers, an amount in cash equal to \$40,000,000 (the "Purchase Price"); provided, however, upon the date hereof, Buyer shall tender to Sellers in immediately available funds, by wire transfer to an account or accounts designated by Sellers an earnest money deposit equal to \$1,900,000, which sum combined with the deposit submitted in accordance with the Procedure Order shall be referred to collectively as the "Earnest Money Deposit." The Earnest Money Deposit and the principal amount outstanding under the Post-Petition Financing (in full satisfaction thereof) on the Closing Date shall be deducted from the total Purchase Price payable at the Closing. Moreover, the Purchase Price shall be adjusted downward in an amount equal to

any unfunded commitment under the Post-Petition Financing. If Sellers terminate this Agreement pursuant to Section 8.1(b) (provided the Closing has not occurred due to a breach by Buyer) or Section 8.1(e), then Sellers shall be entitled to retain the Earnest Money Deposit and shall have no further obligations to Buyer. If Buyer terminates this Agreement pursuant to Section 8.1 hereof, provided that Buyer is not in breach of this Agreement, or if Sellers terminate this Agreement pursuant to Section 8.1(a), (b) (provided the failure to have a Closing on the date specified is not due to a breach by Buyer), (c), (h), (i) or (j), then Sellers shall be obligated to return the Earnest Money Deposit and all accrued interest thereon to Buyer.

3.3. Allocation of Purchase Price. Sellers shall, within 120 days after the Closing Date, prepare and deliver to Buyer a schedule (the "Allocation Schedule") allocating the Purchase Price and the Assumed Liabilities among the Assets in accordance with Treas. Reg. 1.1060-1T (or any comparable provisions of state or local tax law) or any successor provision. Buyer will have the right to raise reasonable objections to the Allocation Schedule within 10 days after its receipt thereof, in which event Buyer and Sellers will negotiate in good faith to resolve such objections. If Buyer and Sellers cannot mutually resolve Buyer's reasonable objections to the Allocation Schedule within 10 days after Sellers' receipt of such objections, such dispute with respect to the Allocation Schedule shall be presented to an accounting firm to be mutually selected by Buyer and Sellers, on the next day for a decision that shall be rendered by such accounting firm within 30 calendar days thereafter and shall be final and binding upon all of the parties. The fees, costs and expenses incurred in connection therewith shall be shared in equal amounts by Buyer and Sellers. Buyer and Sellers each shall report and file all Tax returns (including amended Tax returns and claims for refund) consistent with the Allocation Schedule, and shall take no position contrary thereto or inconsistent therewith (including, without limitation, in any audits or examinations by any taxing authority or any other proceedings). Buyer and Sellers shall cooperate in the filing of any forms (including Form 8594) with respect to such allocation, including any amendments to such forms required with respect to any adjustment to the Purchase Price, pursuant to this Agreement. Notwithstanding any other provisions of this Agreement, the foregoing agreement shall survive the Closing Date without limitation. Sellers and Buyer further agree that the payment contemplated by Section 3.2 may be made to a single Seller that is designated in writing on or before the second Business Day prior to Closing as being authorized to act as agent for all entities that are Sellers, whereupon each entity shall be deemed to have received the Purchase Price allocable to the Assets owned by such Seller in accordance with the allocation determination herein.

IV. REPRESENTATIONS AND WARRANTIES OF SELLERS

The Buyer specifically acknowledges and agrees to the following with respect to the representations and warranties of the Sellers:

A. The Buyer will not have any recourse to the Sellers or to any of the officers or directors of the Sellers in the event any of the representations and warranties made herein or deemed made are untrue as at any time of expression thereof. The only remedy for a breach of such representations and warranties shall be the Buyer's option, under certain circumstances, not to close in accordance with and subject to the limitations in Article VIII hereof and, without

limiting the foregoing, the Buyer shall have no remedy whatsoever for any such breach after the Closing.

B. The Buyer has conducted its own due diligence investigations of the Business or has waived its right to conduct such due diligence, subject to the qualification that Sellers shall deliver complete copies of Schedules on or before two Business days prior to the hearing on the Sale Motion, and subject to Buyer's rights to terminate under Article VIII hereof.

Sellers hereby represent and warrant to Buyer as follows:

4.1. Existence, Good Standing and Power. Each Seller is a corporation validly existing and in good standing under the laws of the State of its incorporation, and has all requisite power and authority to own, lease and operate its Assets to be sold hereunder and to carry on its business as it is now being conducted. Subject to entry of the Approval Order, each Seller has all requisite power and authority to execute and deliver this Agreement and the other documents and instruments to be executed and delivered by such Seller and to perform its obligations hereunder and thereunder.

4.2. Authority. The execution, delivery and performance of this Agreement and the consummation by each Seller of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of each Seller.

4.3. Execution and Binding Effect. This Agreement has been duly and validly executed and delivered by each Seller and constitutes, and, following the entry of the Approval Order, this Agreement and the transaction contemplated hereby will constitute (assuming in each case the due and valid authorization, execution and delivery thereof by Buyer), a valid and legally binding obligation of each Seller enforceable against each Seller in accordance with its terms.

4.4. No Violation. Except as disclosed in Schedule 4.4, the execution, delivery and performance by each Seller of this Agreement and the transactions contemplated hereby, do not and will not conflict with or result in, with or without the giving of notice or lapse of time or both, any violation of, or constitute a breach or default, or give rise to any right of acceleration, payment, amendment, cancellation or termination, under (a) the certificate of incorporation or bylaws of such Seller or any resolution adopted by the board of directors of such Seller and not rescinded, (b) subject to entry of the Approval Order, any material agreement or other instrument to which Seller is a party or by which such Seller or any of its respective properties or assets is bound, (c) subject to entry of the Approval Order, any Order to which Seller is bound or subject, (d) subject to entry of the Approval Order, any Law applicable to each Seller or any of its respective properties or assets or (e) except as provided for herein, result in the imposition or creation of any Lien upon or with respect to any of the Assets.

4.5. Third Party Approvals. Except for (i) any approvals required in order to comply with the provisions of the HSR, if necessary, (ii) the Approval Order, (iii) any other third party approvals as are reflected on Schedule 4.5 hereto, and (iv) any consent or approval of a Governmental Entity in respect to the transfer of any Communications License, the execution,

delivery and performance by each Seller of this Agreement and the transactions contemplated hereby do not require any consents, waivers, authorizations or approvals of, or filings with, any third Persons which have not been obtained by Seller.

4.6. Brokers and Finders. The Sellers have engaged the firm of Lazard Freres & Co. LLC to assist them in connection with the matters contemplated by this Agreement and will be responsible for the fees and expenses of such firm.

4.7. FCC/State PUC Matters.

(a) Schedule 4.7(a) sets forth each of the FCC Licenses and State PUC Licenses that are required for the conduct of the Business and for the operation and holding of the Assets as presently conducted, except where failure to hold such State PUC Licenses or FCC Licenses would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect.

(b) Other than Communications Licenses the loss of which would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect and except to the extent excused by or unenforceable as a result of the commencement or pendency of the Case or the application of any provision of the Bankruptcy Code (but only to the extent such excuse, lack of enforceability or application of law will continue to apply in favor of Buyer and its successors and assigns following Closing), each of the Communications Licenses was duly issued, is valid and in full force and effect, has not been suspended, canceled, revoked, or modified in any adverse manner other than in a manner which is immaterial, and is not subject to conditions or requirements that are not generally imposed on such authorizations.

(c) (i) Each holder of a Communications License has operated in all material respects in compliance with all terms thereof; and (ii) each holder of a Communications License is in all material respects in compliance with, and the conduct of its businesses have been and are in compliance with, the Communications Act and any applicable state or local regulations, and each such holder has filed all registrations and reports and paid all required fees, including any renewal applications, required by the Communications Act or any applicable state or local regulations. Except as would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect and except to the extent excused by or unenforceable as a result of the commencement or pendency of the Case or the application of any provision of the Bankruptcy Code (but only to the extent such excuse, lack of enforceability or application of law will continue to apply in favor of Buyer and its successors and assigns following Closing), (x) there is no pending or, to the knowledge of the Sellers, threatened action by or before the FCC or any State PUC to revoke, cancel, suspend, modify, or refuse to renew any of the Communications Licenses, and (y) there is not now issued, outstanding or, to the knowledge of the Sellers, threatened any notice by the FCC or any State PUC of violation or complaint, or any application, complaint, or proceeding (other than applications, proceedings, or complaints that generally affect the Sellers' industry as a whole) relating to the Business.

(d) Except as set forth in Schedule 4.7(d) or as would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect and except to the extent excused by or unenforceable as a result of the commencement or pendency of the Case

or the application of any provision of the Bankruptcy Code (but only to the extent such excuse, lack of enforceability or application of law will continue to apply in favor of Buyer and its successors and assigns following Closing), no event has occurred which permits the revocation or termination of any of the Communications Licenses or the imposition of any restriction thereon, or that would prevent any of the Communications Licenses from being renewed on a routine basis or in the ordinary course. There are no facts that would disqualify any of the Sellers, under either the Communications Act or any applicable state or local regulations, as an assignor in connection with the approval of any Governmental Entity.

4.8. Environmental Matters. Except as set forth in Schedule 4.8 and except as would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect, (a) each Seller has all permits required by or under all federal, state, and local laws governing the pollution or protection of the environment ("Environmental Laws") and is, and for the past 12 months has been, in compliance with such permits and is otherwise in compliance with all applicable Environmental Laws, (b) no Seller has received any written notice not subsequently resolved with respect to the business of, or any property owned or leased by the Sellers from any governmental entity or third party alleging that any Seller or any aspect of the Business is not in compliance with any Environmental Law and no such condition of non-compliance exists, (c) there has been no release of a hazardous substance, as these terms are defined under Environmental Laws, in excess of a reportable quantity on any real property that is used in the Business and (d) there is no obligation under Environmental Laws to perform remedial action relating to any release of a hazardous substance, waste, pollutant or contaminant.

4.9. Employee Benefits; Labor Matters.

(a) Schedule 4.9 contains a true and complete list of each "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is sponsored, maintained, or contributed to or required to be contributed to by any Seller or by any trade or business, whether or not incorporated (an "ERISA Affiliate"), that together with any Seller would be deemed a "single employer" within the meaning of Section 4001(b) of ERISA, or to which the Sellers or an ERISA Affiliate is party, for the benefit of any employee of each Seller engaged in the Business (individually, a "Seller Plan," and collectively, the "Sellers' Plans"). The Buyer is not assuming and shall have no liability in connection with any Seller Plan.

(b) No Seller Plan is (i) subject to Title IV of ERISA; (ii) a multiemployer plan within the meaning of Section 3(37) of ERISA, (iii) maintained in connection with any trust described in Section 501(c)(9) of the Internal Revenue Code (the "Code") or (iv) subject to the minimum funding standards of ERISA Section 302 or Code Section 412. Further, neither the Sellers nor any ERISA Affiliate have ever contributed to or been obligated to contribute to a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA.

(c) Except as set forth in Schedule 4.9(c), the Sellers and each ERISA Affiliate are in material compliance with, and each Seller Plan has been operated in accordance with, the provisions of such Seller Plan, and the Sellers and each ERISA Affiliate are in material compliance with ERISA, the Code and all legal requirements governing each such Seller Plan, including but not limited to rules and regulations promulgated by the Department of Labor, the

Pension Benefit Guaranty Corporation and the Department of the Treasury pursuant to the provisions of ERISA and the Code.

(d) None of the Sellers nor any ERISA Affiliate is a party to any collective bargaining agreements and there are no labor unions or other organizations representing, purporting to represent, or attempting to represent, any employee of the Sellers.

(e) Except as set forth in Schedule 4.9(e), no Seller has, with respect to employees engaged in the Business, violated any provision of federal or state law or any governmental rule or regulation, or any order, decree, judgment arbitration award of any court, arbitrator or any government agency regarding the terms and conditions of employment of employees, former employees or prospective employees or other labor related matters, including, without limitation, laws, rules, regulations, orders, rulings, decrees, judgments and awards relating to discrimination, fair labor standards and occupational health and safety, wrongful discharge or violation of the person rights of employees, former employees or prospective employees.

(f) There are no pending claims or lawsuits by, against, or relating to any Seller Plan that would, if successful, result in liability of any Seller, any ERISA Affiliate or the Buyer, and no claims or lawsuits have been asserted, instituted or, to the knowledge of each Seller, threatened in writing by, against, or relating to any Seller Plan, against the assets of any trust or other funding arrangement under any such Seller Plan, by or against any Seller with respect to any Seller Plan, or by or against the plan administrator or any fiduciary of any Seller Plan, and the Sellers do not have knowledge of any fact that could form the basis for any such claim or lawsuit. The Sellers' Plans are not presently under audit or examination (nor has notice been received of a potential audit or examination) by the IRS, the Department of Labor, or any other governmental agency or entity, and no matters are pending with respect to any Seller Plan under the IRS's Voluntary Compliance Resolution program, its Closing Agreement Program, or other similar programs.

4.10. Real Property. The Sellers have delivered to the Buyer a true, correct and complete copy of the lease for premises containing the Network Operations Center located at 9100 Mineral Drive, Englewood, Colorado 80112. The lease is in full force and effect, and no party to the lease or sublease is in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification or acceleration thereunder.

4.11. Title to and Use of Property.

(a) At the Closing, Buyer will acquire all of each Seller's right, title and interest in, to and under all of the Assets, in each case free and clear of Liens and Liabilities (including, without limitation, any and all claims that may arise by reason of the execution, delivery or performance by Sellers of this Agreement);

(b) Except for any assets that are Excluded Assets, and except with respect to the equipment that is leased from Cisco Systems Capital Corporation, the Assets include, without limitation, all personal property of the Sellers, both tangible and intangible, materially necessary

to conduct the Business, and none of such Assets are owned by any subsidiary or Affiliate of Rhythms that is not identified as one of the Sellers or any unrelated third party.

4.12. Intellectual Property.

(a) “Intellectual Property” shall mean all of the following as they exist in all jurisdictions throughout the world, in each case, to the extent used in the conduct of the Business and owned by, licensed to, or otherwise used by the Sellers:

(i) patents, patent applications, and other patent rights (including any divisions, continuations, continuations-in-part, substitutions, or reissues thereof, whether or not patents are issued on any such applications and whether or not any such applications are modified, withdrawn, or resubmitted);

(ii) trademarks, service marks, trade dress, trade names, brand names, designs, logos, or corporate names, whether registered or unregistered, and all registrations and applications for registration thereof;

(iii) copyright registrations and applications for registration thereof and non-registered copyrights;

(iv) trade secrets, designs, research, processes, procedures, techniques, methods, know-how, data, mask works, inventions, and other proprietary rights (whether or not patentable or subject to copyright, mask work, or trade secret protection); and

(v) computer software programs, including, without limitation, all source codes, object codes, and material documentation related thereto (the “Software”).

(b) Intellectual Property Disclosure. Schedule 4.12(b) sets forth all United States and foreign patents and patent applications, trademark and service mark registrations and applications, and copyright registrations and applications owned or licensed by any Seller, specifying as to each owned item, as applicable: (i) the nature of the item, including the title; (ii) the owner of the item; (iii) the jurisdictions in which the item is issued or registered or in which an application for issuance or registration has been filed; and (iv) the issuance, registration, or application numbers and dates.

(c) Ownership. Except as would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect, each Seller will own or have the right to use as of the Closing Date and transfer to the Buyer, free and clear of Liens and Liabilities, and as of the Closing Date will have the unrestricted right to use, sell, or license, all Intellectual Property used in the conduct of the Business to the maximum extent permissible by operation of Section 363 of the Bankruptcy Code.

(d) Claims. Except as would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect, no Seller has been, during the three (3) years preceding the date hereof, a party to any claim or action, nor, to the knowledge of any Seller, is

any claim or action threatened that challenges the validity, enforceability, ownership, or right to use, sell, or license any Intellectual Property. Except as would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect, to the knowledge of any Seller, no third party is infringing upon any Intellectual Property.

(e) Administration and Enforcement. Except as would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect, the Sellers have taken all necessary and desirable action to maintain and protect each item of Intellectual Property owned by the Sellers.

(k) Software. All Software set forth on Schedule 2.1(j) is, to the best knowledge of Sellers, held by the Sellers legitimately, is fully and freely transferable to the Purchaser without any third party consent (except as set forth in Schedule 2.1(j)), and to the best knowledge of Sellers is free from any significant software defect, performs in conformance with its documentation, and does not contain any bugs or viruses or any code or mechanism that may be reasonably likely to materially interfere with the operation of such Software.

4.13. Network Equipment Assets.

(a) To the best knowledge of Sellers and except as would not result in Material Adverse Effect, the Sellers have good and marketable title to all of the Network Equipment Assets that they own. To the best knowledge of each Seller, except as set forth on Schedule 4.13, each of the material Network Equipment Assets owned by such Seller: (i) is free and clear of any Lien or Liabilities; (ii) is not subject to any pending lawsuits or administrative actions relating to any such property, (iii) has received all approvals of Governmental Authorities (including franchises, licenses and permits) required in connection with the ownership or operation thereof and has been operated and maintained in accordance with applicable laws; and (iv) is not subject to any lease, sublease, license, concession, or other agreement, written or oral, granting to any party or parties the right of use or occupancy of any portion of the Network Equipment Assets.

4.14. Assumed Contracts and Equipment Leases. As of the date hereof, no Seller has received written notice, nor does it otherwise have knowledge, that any party to the Assumed Contracts or Assumed Equipment Leases intends to cancel, terminate or refuse to renew such contract or equipment lease or to exercise or decline to exercise any option or right thereunder and each such contract or equipment lease is valid and binding upon such parties in accordance with its terms except (x) as set forth in Schedule 4.14, (y) to the extent excused by or unenforceable as a result of the commencement or pendency of the Case or the application of any provision of the Bankruptcy Code, or (z) to the extent that the failure of such Contracts to be valid and binding would not have a Material Adverse Effect.

4.15. Limitation on Seller's Representations and Warranties. Buyer represents and hereby covenants and shall accept the Assets "AS IS," "WHERE IS" and "WITH ALL FAULTS" on the date hereof and on the Closing Date, subject to the terms and conditions of this Agreement. Except for the representations and warranties contained in this Agreement, the Sellers make no other express or implied representation or warranty, including, without limitation, representations or warranties as to the condition of the Assets, their contents, the

income derived or potentially to be derived from the Assets or the Business, or the expenses incurred or potentially to be incurred in connection with the Assets or the Business. Each Seller is not, and will not be, liable or bound in any manner by express or implied warranties, guarantees, statements, promises, representations or information pertaining to the Assets or the Business, made or furnished by any broker, agent, employee, servant or other person representing or purporting to represent any Seller, unless and to the extent the same is expressly set forth in this Agreement.

V. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Sellers as follows:

5.1. Existence, Good Standing and Power. Buyer is a corporation validly existing and in good standing under the laws of the State of Georgia and has all requisite power and authority to own, lease and operate the property it now owns, leases and operates. Buyer has all requisite power and authority to conduct its business as presently conducted, to execute and deliver this Agreement and the other documents and instruments to be executed and delivered by Buyer pursuant hereto and to perform its obligations hereunder and thereunder. Buyer is duly authorized to transact business as a foreign corporation, and is in good standing, in the states in which the Business is conducted.

5.2. Authority. The execution, delivery and performance of this Agreement and the consummation by Buyer of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Buyer.

5.3. Execution and Binding Effect. This Agreement has been duly and validly executed and delivered by Buyer and constitutes, and (assuming, in each case, the due and valid authorization, execution and delivery thereof by the other parties thereto), a valid and legally binding obligation of Buyer, enforceable against it in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting the rights and remedies of creditors generally and to general principles of equity (regardless of whether considered in a proceeding in equity or at law).

5.4. No Violation. Except as disclosed in Schedule 5.4, the execution, delivery and performance by Buyer of this Agreement and the transactions contemplated hereby, do not and will not conflict with or result in, with or without the giving of notice or lapse of time or both, any violation of or constitute a breach or default, or give rise to any right of acceleration, payment, amendment, cancellation or termination, under (a) the certificate of incorporation or bylaws of Buyer or any resolution adopted by the board of directors of Buyer and not rescinded, (b) any agreement or other instrument to which Buyer is a party or by which Buyer or any of its respective properties or assets is bound, (c) any Order to which Buyer is bound or subject or (d) any Law applicable to Buyer or any of its respective properties or assets.

5.5. Third Party Approvals. Except for (i) any approvals required in order to comply with the provisions of HSR, if necessary; (ii) the consent or approval of Governmental Entities with respect to the Communication Licenses and the transfer of the Assets, and (iii) any

other third party approvals as are reflected on Schedule 5.5 hereto, the execution, delivery and performance by Buyer of this Agreement and the transactions contemplated hereby do not require any consents, waivers, authorizations or approvals of, or filings with, any third Persons which have not been obtained by the Buyer.

5.6. Brokers and Finders. Buyer has not employed any broker or finder or incurred any liability for any brokerage fees, commissions, finders, or similar fees in connection with the transactions contemplated by this Agreement.

5.7. No Continuation of Business. Buyer's business is neither a continuation of, nor is it related to, the business of the Sellers, and Buyer covenants that it will not, in any way, represent that its business is a continuation of or related to the business of the Sellers.

5.8. Financing. On the Closing Date, Buyer will have sufficient unrestricted funds on hand or committed lines of credit to consummate the transactions contemplated by this Agreement.

VI. COVENANTS OF THE PARTIES

6.1. Conduct of Business by Sellers Pending the Closing. From and after the date hereof and until the Closing Date, and subject to any obligations of any Seller as a debtor in possession under the Bankruptcy Code, each of the Sellers shall use commercially reasonable efforts in the context of the Case to cause the Business to be conducted in the ordinary course and consistent with the present conduct of the Business (except for the suspension of services from collocation sites other than the Assumed Central Officer Locations), including meeting its Post-Petition Liabilities as they become due (with respect to all contract obligations between the parties accruing during the period from the commencement of the Case through the entry of the Approval Order, and promptly after the entry of the Approval Order, the Sellers and the Buyer and its Affiliates shall reconcile all such accruals, and Sellers shall promptly remit to Buyer the net amount owed, if any). Sellers shall also use all commercially reasonable efforts to preserve intact their Business relationships with third parties (other than in respect of contracts that expire by their terms prior to Closing and except for the suspension of services from collocation sites other than the Assumed Central Offices) and to keep available the services of its key employees, who work in the Business, subject to the terms of this Agreement; provided, that the foregoing shall not prevent any Seller from rejecting contracts that are not contracts being assumed by Buyer hereunder, so long as such rejection will not interrupt, in any material respect, the operation of the Assets and/or the Business prior to Closing or otherwise prevent, in any material respect, an orderly transfer of the Business to Buyer. Without limiting the generality of the foregoing, and except with respect to immaterial delays, each Seller shall pay when due its obligations to vendors, in connection with the Business, as permitted by the Bankruptcy Code. Except as otherwise contemplated under this Agreement or ordered by the Bankruptcy Court, from the date hereof until the Closing Date, without the prior written consent of the Buyer, which consent will not be unreasonably withheld or delayed:

(a) other than as a result of asset transfers solely among or between the Sellers, no Seller shall merge or consolidate with any other Person;

(b) no Seller shall lease, license, or otherwise surrender, relinquish, encumber, or dispose of any material Assets other than the disposition of obsolete or damaged immaterial Assets in the ordinary course of its business;

(c) no Seller shall establish or increase the benefits under, or promise to establish, modify or increase the benefits under, any agreement, plan or policy relating to employees or employment matters, including but not limited to any Seller Plan or any consulting, severance, change in control or similar agreements, or otherwise increase the compensation payable to any directors, officers, or employees of such Seller, or establish, adopt or enter into any collective bargaining agreement, except (i) in accordance with existing plans and agreements or consistent with past practice, and (ii) for benefits and compensation payable to any directors, officers, or employees of such Seller established, modified or increased after commencement of the Case in order to retain such directors, officers, or employees through the pendency of the Case;

(d) no Seller shall make a Material Decision;

(e) no Seller shall agree or commit to do any of the foregoing; and

(f) except to the extent necessary to comply with the requirements of applicable Laws or Bankruptcy Court Orders, Sellers shall not (i) take, agree, or commit to take, any action that would make any representation or warranty of the Sellers hereunder materially inaccurate in any respect at, or as of any time prior to, the Closing Date, (ii) omit, or agree or commit to omit, to take any action necessary to prevent any such representation or warranty from being materially inaccurate in any respect on the Closing Date, or (iii) take, agree, or commit to take, any action that would result in, or is reasonably likely to result in, any of the conditions set forth in Article VII not being satisfied, in all material respects.

6.2. Access and Information. Prior to the Closing Date, each Seller shall allow Buyer's employees, agents and Representatives during regular business hours to make such investigation of the Business and Sellers' books and records related thereto, as Buyer reasonably deems necessary or advisable, and each Seller shall instruct its employees to cooperate in any such investigation, including to provide such financial, operational or other information concerning the Business as the Purchaser may reasonably request; provided no such investigation shall affect any representations or warranties made herein or the conditions to the obligations of the parties to consummate the transactions contemplated by this Agreement.

6.3. Public Announcements; Third Party Contacts.

(a) No party shall issue a press release or respond in writing to any press inquiry with respect to this Agreement or the transaction contemplated hereby or otherwise make any public statements with respect to the transactions contemplated hereby, except as may be required by Law, by obligations pursuant to any listing agreement with any national securities exchange or over-the-counter market or with respect to filings to be made with the Bankruptcy Court in connection with this Agreement (in which case the party required to make such public statement shall notify the other party prior to making such public statement), without the prior consent of the others, which consent shall not be unreasonably withheld.

(b) Sellers acknowledge and agree that after the entry of the Approval Order Buyer is entitled to enter into direct communication with Sellers' vendors, suppliers, lessors and existing customers regarding existing or replacement contracts, Assumed Equipment Leases and Assumed Real Property Leases

6.4. HSR. If necessary, each party shall make an appropriate filing of a notification and report form pursuant to HSR with respect to the transactions contemplated hereby within five (5) Business Days after the date hereof and to supply promptly any additional information and documentary material that may be requested pursuant to HSR. In addition, each party shall promptly make any other filing that may be required under any other antitrust law or by any antitrust authority. All such filings shall comply in all material respects with the requirements of the respective Laws pursuant to which they are filed. Each party hereto shall promptly inform the other of any communication from the Department of Justice (the "DOJ") regarding any of the transactions contemplated by this Agreement. If any party or Affiliate thereof receives a request for additional information or documentary material from the DOJ with respect to the transactions contemplated by this Agreement, then such party will use its reasonable efforts to make, or cause to be made, as soon as reasonably practicable and after consultation with the other party, an appropriate response in compliance with such request. Each party shall bear its respective filing fees associated with the HSR filings. Neither the Buyer nor any Affiliate of Buyer shall be required to divest itself of any business operations, assets or properties or agree to limit its freedom to conduct or expand any such business operations in order to obtain any clearance, approval or waiver.

6.5. Entry of Approval Order.

(a) As soon as practicable after the date hereof, the Sellers shall file a copy of this Agreement and a form of Approval Order with the Bankruptcy Court.

(b) In connection with the entry of the Approval Order, Sellers shall use their reasonable, good faith efforts to obtain prompt Bankruptcy Court approval of reimbursement of Buyer's actual fees and expenses incurred in connection with the transaction contemplated by this Agreement in an amount not to exceed \$250,000 (the "Expense Reimbursement"), payable to Buyer in cash, by wire transfer of immediately available funds to an account designated by Buyer, promptly after Buyer has provided notice that it has terminated the Agreement in accordance with Section 8.1(e).

(c) Buyer and the Sellers shall cooperate with prosecuting the Sale Motion and obtaining entry of the Approval Order, and the Sellers shall deliver to Buyer prior to filing, and as early in advance as is practicable to permit adequate and reasonable time for Buyer and its counsel for review and comment, the proposed form of Approval Order and copies of all proposed pleadings, motions, notices, statements, schedules, applications, reports and other papers to be filed by the Sellers in connection with the Sale Motion and the relief requested therein.

6.6. Reasonable Efforts. Upon the terms and subject to the conditions herein provided, each of the parties hereto shall use its respective reasonable, good faith efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with

the other parties hereto in doing, all things necessary, proper or advisable under applicable Laws to ensure that the conditions set forth in this Agreement are satisfied and to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, the parties hereto shall furnish to each other such necessary information and reasonable assistance, as each may request in connection with Sellers' preparation and filing of applications and motion papers, including the Sale Motion needed to obtain Bankruptcy Court approval of the transactions contemplated by this Agreement and shall execute any additional instruments necessary to consummate the transactions contemplated hereby, whether before or after the Closing.

6.7. Notification of Certain Matters. Each Seller shall give prompt notice to Buyer, and Buyer shall give prompt notice to each Seller, of (i) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement; (ii) any written objection, litigation or administrative proceeding that challenges the transactions contemplated hereby or the entry of the Approval Order; and (iii) the occurrence or non-occurrence of any event the occurrence or non-occurrence of which would be likely to cause any representation or warranty to be materially untrue or inaccurate; and (iv) any failure of Sellers or Buyer, as the case may be, to comply materially or satisfy materially any covenant, condition or agreement to be complied with or satisfied hereunder.

6.8. Employees.

(a) Subject to the limitations in Section 6.1(c), Sellers shall use their commercially reasonable efforts to retain such employees engaged in the Business as are necessary and/or desirable to perform the Sellers' obligations hereunder, and to maintain in good standing through the Closing all relationships and agreements with employees, independent contractors, or consultants necessary to the Business, in each case from the date hereof through the Closing Date and to cooperate with the Buyer in hiring employees engaged in the Business who are offered employment by the Buyer; provided, that the foregoing shall not require (i) that any Seller offer, nor shall it prevent any Seller from offering any compensation or other incentives in addition to the compensation and benefits being provided or required to be provided as of the date of this Agreement, and (ii) that any Seller shall be required to retain any employee who is no longer necessary or desirable to perform Sellers' obligations hereunder, in the sole discretion of the Sellers.

(b) The Sellers will terminate all Buyer Hires (as defined below) as of the Closing Date. It is the intention of the Buyer to hire some, and perhaps all, of the persons employed by Sellers in the Business as of the Closing Date. Sellers agree that the Buyer retains sole and complete discretion with respect to which employees of the Sellers the Buyer shall offer employment. From the date hereof through the Closing, the Sellers shall permit the Buyer to communicate in writing with the Sellers' employees and consultants, at reasonable times and upon reasonable notice, concerning the Buyer's plans, operations, business, customer relations, and general personnel matters and to interview the Sellers' employees and consultants and review the personnel records and such other information concerning the Sellers' employees and consultants as the Buyer may reasonably request (subject to obtaining any legally required written permission of any affected employee or consultant and to other applicable law). The

Sellers shall be solely responsible for any notification and liability under WARN relating to any termination of any of Sellers' employees occurring on or after the date of this Agreement. Employees hired by the Buyer effective on or after the Closing Date shall be referred to herein as a "Buyer Hire." The Sellers shall indemnify and hold Buyer harmless from any and all damages, liabilities, claims or expenses incurred by the Buyer as a result of the failure of the Sellers to comply with any of the requirements of WARN, including applicable notice requirements. Sellers will provide Buyer with copies of all notices it proposes to give to employees regarding the transactions contemplated by this Agreement as promptly as practicable (and in the case of notices required by WARN or other statutes, at least five (5) Business Days) in advance of giving such notice to employees.

(c) Sellers will be responsible for all liabilities for employee or agent compensation and benefits accrued or otherwise arising out of services rendered prior to Closing or arising by reason of actual, constructive or deemed termination at Closing. Without limitation of the preceding sentence, on the Closing Date Sellers shall pay all of the Buyer Hires engaged in the Business the full amount, if any, to which they may be entitled for any compensation or accrued benefits, including but not limited to vacation, sick leave or other leave, accrued bonuses and commissions, and for severance benefits. No accrued vacation, sick leave or other leave shall carry over to any employment of such employees by Buyer.

(d) The Buyer will recognize all years of service of the Buyer Hires with the Sellers for purposes of eligibility to participate in and to vest under those employee benefit plans, within the meaning of Section 3(3) of ERISA, of the Buyer in which the Buyer Hires are eligible to participate in after the Closing Date. The Buyer shall recognize all years of service of the Buyer Hires with the Sellers for purposes of vacation accrual under the Buyer's vacation policies. The Buyer shall cause all pre-existing condition exclusions under any medical and dental plans made available by the Buyer to Buyer Hires to be waived in respect of such employees and dependents, but only to the extent Sellers' medical and dental plans recognize such Buyer Hires and their dependents as having satisfied any pre-existing conditions exclusion under Sellers' medical and dental plans. The Buyer shall take commercially reasonable efforts to ensure that the medical and dental plans made available by Buyer to Buyer Hires credit such Buyer Hires' and their dependents with the amount of deductibles satisfied under the Sellers' medical and dental plans in the same plan year.

(e) The Buyer shall be responsible for providing continuation coverage as required by COBRA, under a group health plan maintained by the Buyer, to those employees of the Sellers engaged and other qualified beneficiaries under COBRA with respect to such employees, who have a COBRA qualifying event (due to termination of employment with any Seller or otherwise) prior to or in connection with the transactions contemplated by this Agreement (the "Continuees"). The Buyer shall indemnify and hold Sellers harmless from any and all damages, liabilities, claims or expenses incurred by the Sellers as a result of the failure of the Buyer to comply with any of the requirements of COBRA, including applicable notice requirements.

(f) As soon as is practical after the Closing Date, Sellers shall (i) take all actions as are necessary or appropriate to fully vest, as of the Closing Date, the interests of the Buyer Hires under Sellers' defined contribution retirement plan(s); (ii) provide such employees

an election to roll over their vested interests to Buyer's defined contribution retirement plan, including appropriate arrangements for loans provided to them under Sellers' plan; and (iii) roll over the full amount of the vested interests which the employees have elected to roll over, as soon as possible but not later than six (6) months after the Closing Date, to the accounts of such employees under Buyer's defined contribution retirement plan, in accordance with Section 402 of the Internal Revenue Code, Buyer shall reasonably cooperate with Sellers in respect of the foregoing actions and shall accept such rollovers and have no liability for any discontinuance, termination or other charges that may be due to any investment option or management providers or to any plan record keeping or other agents with respect to such termination and rollover of such employees' interests from Sellers' retirement plan(s) to Purchaser's retirement plan.

(g) Notwithstanding Sections 2.3(e) and 2.3(f) of this Agreement, Sellers and Buyer shall reasonably cooperate and use commercially reasonable efforts to give any notices required under applicable Law to mitigate Sellers' liability for COBRA and WARN obligations to Sellers' employees. Sellers shall provide Buyer with copies of all notices required to be given to the employees regarding the transaction contemplated herein by WARN or other statutes at least five business days in advance of giving such notice to employees.

(h) No provision of this Section 6.8 shall create any third party beneficiary or other rights in any employee or former employee (including any beneficiary or dependent thereof) of the Sellers or of any of its subsidiaries in respect of continued employment (or resumed employment) with either the Business, the Buyer any of its Affiliates and no provision of this Section 6.8 shall create any such rights in any such Persons in respect of any benefits that may be provided, directly or indirectly, under any of Sellers' Plans or any plan or arrangement which may be established by the Buyer or any of its Affiliates. No provision of this Agreement shall constitute a limitation on rights to amend, modify or terminate after the Closing Date any such plans or arrangements of the Buyer or any of its Affiliates.

6.9. Payment of Transfer Taxes and Tax Filings.

(a) In the event, notwithstanding the operation of Section 1146 of the Bankruptcy Code, Transfer Taxes arising out of the transfer of the Assets are assessed, any Transfer Taxes required to effect any recording or filing with respect thereto shall be borne by Buyer. The Transfer Taxes shall be calculated assuming that no exemption from Transfer Taxes is available, unless otherwise indicated in the Approval Order or, at Closing, Buyer shall provide an appropriate resale exemption certificate or other evidence acceptable to the Sellers of exemption from such Transfer Taxes. The Sellers and Buyer shall cooperate to timely prepare and file any returns or other filings relating to such Transfer Taxes, including any claim for exemption or exclusion from the application or imposition of any Transfer Taxes.

(b) Each party shall furnish or cause to be furnished to the others, upon request, as promptly as practicable, such information and assistance relating to the Assets and the Business as is reasonably necessary for filing of all Tax returns, including any claim for exemption or exclusion from the application or imposition of any Taxes or making of any election related to Taxes, the preparation for any audit by any taxing authority and the prosecution or defense of any claim, suit or proceeding relating to any Tax return. Each Seller

shall prepare all of its Tax returns for all periods and shall be responsible for paying all of its Taxes for all periods (or portions thereof) ending on or prior to the Closing Date.

6.10. Utilities. To the extent practicable, the parties shall notify the gas, water, telephone and electric utility companies that Buyer shall be responsible for the payment of all obligations incurred for utility services on or after the Closing Date with respect to the operation of the Business. Sellers shall request the gas, water and electric utility companies to cause meters to be read as of the Closing Date, and the Sellers shall be responsible for the payment of all charges for such services incurred and provided through the Closing Date. Each Seller shall cause the telephone companies to render a bill for telephone service incurred through the Closing Date, and each Seller shall be responsible for the payment of such bills.

6.11. Proration of Taxes and Certain Charges.

(a) Except as provided in Section 6.9, all real property Taxes, personal property Taxes or similar ad valorem obligations levied with respect to the Assets for any taxable period that includes the day before the Closing Date and ends after the Closing Date, whether imposed or assessed before or after the Closing Date, shall be prorated between the Sellers and Buyer as of 12:01 A.M. on the Closing Date. If any Taxes subject to proration are paid by Buyer, on the one hand, or the Sellers, on the other hand, the proportionate amount of such Taxes paid (or in the event a refund of any portion of such Taxes previously paid is received, such refund) shall be paid promptly by (or to) the other after the payment of such Taxes (or promptly following the receipt of any such refund).

(b) Except as provided in Section 6.10, all installments of special assessments or other charges on or with respect to the Assets payable by the Sellers for any period in which the Closing Date shall occur, including, without limitation, base rent, common area maintenance, royalties, all municipal, utility or authority charges for water, sewer, electric or gas charges, garbage or waste removal, and cost of fuel, shall be apportioned as of the Closing Date and each party shall pay its proportionate share promptly upon the receipt of any bill, statement or other charge with respect thereto. If such charges or rates are assessed either based upon time or for a specified period, such charges or rates shall be prorated as of 12:01 A.M. on the Closing Date. If such charges or rates are assessed based upon usage of utility or similar services, such charges shall be prorated based upon meter readings taken on the Closing Date.

(c) All refunds, reimbursements, installments of base rent, additional rent, license fees or other use related revenue receivable by any party to the extent attributable to the operation of the Business for any period in which the Closing shall occur shall be prorated so that any Seller shall be entitled to that portion of any such installment applicable to the period up to but not including the Closing Date and Buyer shall be entitled to that portion of any such installment applicable to any period from and after the Closing Date, and if Buyer or any Seller, as the case may be, shall receive any such payments after the Closing Date, they shall promptly remit to such other parties their share of such payments.

(d) The prorations pursuant to this Section may be calculated after the Closing Date, as each item to be prorated (including without limitation any such Tax, obligation, assessment, charge, refund, reimbursement, rent installment, fee or revenue) accrues or comes

due, provided that, in any event, any such proration shall be calculated not later than thirty (30) days after the party requesting proration of any item obtains the information required to calculate such proration of such item.

6.12. Communications Licenses. Except as otherwise directed by the Bankruptcy Court or any other court of competent jurisdiction, each Seller shall use its reasonable, good faith efforts not by any act or omission to surrender, or to permit an adverse modification of, forfeiture of, or failure to renew under regular terms, any of the Communications Licenses, cause the FCC or any other governmental authority to institute any proceeding for the revocation, suspension, or modification of any such authorization, or to fail to prosecute with due diligence any pending applications with respect to Communications Licenses, including any renewals thereof. The Sellers shall make all filings and reports and pay all fees necessary or reasonably appropriate for the continued operation of the Business, as and when such approvals, consents, permits, licenses, filings, or reports or other authorizations are necessary or appropriate.

6.13. Rejected Contracts. Sellers shall not reject any Assumed Contract, Assumed Equipment Lease or Assumed Real Property Lease in any bankruptcy proceeding following the date hereof unless this Agreement is terminated in accordance with its terms. Notwithstanding the foregoing, Sellers shall be entitled to reject the Interconnection and Collocation agreements identified on Schedule 2.1(e) to the extent they pertain to the provision and operation of central offices that are not identified on Schedule 2.1(e).

6.14. Competing Transaction. From the date hereof (and any prior time) and until the Approval Order is entered, Seller is permitted to cause its Representatives and Affiliates to initiate contact with, solicit or encourage submission of any inquiries, proposals or offers by, any Person (in addition to Buyer and its Affiliates, agents and Representatives) in connection with any sale or other disposition of the Assets (a "Competing Transaction"). In addition, the Seller shall have the responsibility and obligation to respond to any inquiries or offers to purchase all or any part of the Assets and perform any and all other acts related thereto which are required under the Bankruptcy Code or other applicable law, including, without limitation, supplying information relating to the Business and Assets to prospective buyers. Seller shall promptly notify Buyer of the existence of any proposal received by Seller, with respect to any Competing Transaction, and Seller shall communicate to Buyer the material terms of any proposal that it may receive with respect to any Competing Transaction.

6.15. Disclosure Supplements. From time to time prior to the Closing, Sellers shall promptly supplement the Schedules hereto with respect to any matter hereafter arising or any information obtained after the date hereof of which, if existing, occurring or known at or prior to the date of this Agreement, would have been required to be set forth or described in the Schedules, or which is necessary to complete or correct any information in such schedule or in any representation and warranty of the Sellers which has been rendered inaccurate thereby. For purposes of determining the satisfaction of the conditions set forth in Article VII hereof, no such supplement or amendment shall be considered.

6.16. FCC Applications/State PUC Applications.

(a) As promptly as practicable after the execution and delivery of this Agreement and in any event within five Business Days thereafter, the Buyer shall prepare and deliver to the Sellers, the Buyer's completed portion of all appropriate applications for FCC approval, and such other documents as may be required, with respect to the assignment of each of the Sellers' FCC Licenses set forth in Schedule 4.7(a) hereto to the Buyer (collectively, the "FCC Applications"). As promptly as practicable thereafter and in any event within five Business Days thereafter, each Seller shall prepare and deliver to the Buyer, the Seller's completed portion of all appropriate FCC Applications. As soon as practicable after the execution and delivery of this Agreement, the parties shall file, or cause to be filed, the FCC Applications. If the Closing shall not have occurred for any reason within any applicable initial consummation period relating to the FCC's grant of the FCC Applications, and neither the Sellers nor the Buyer shall have terminated this Agreement pursuant to Article VIII, the Buyer and the Sellers shall jointly request one or more extensions of the consummation period of such grant.

(b) The Buyer and the Sellers shall cooperate to determine a plan to expeditiously obtain applicable governmental approvals, clearances, consents and authorizations necessary to effectuate the transaction contemplated hereby. Subject to the determination of such plan, as promptly as practicable after the execution and delivery of this Agreement, the Buyer shall prepare and deliver to the Sellers, the Buyer's portions of all required applications for approval by State PUCs, and such other documents as may be required, with respect to the assignment of the Seller's State PUC Licenses set forth in Schedule 4.7(a) hereto (collectively, the "State PUC Applications"). As promptly as practicable thereafter and in any event within five Business Days thereafter, the Sellers shall prepare and deliver to the Buyer the State PUC Applications. Subject to the first sentence of this Section 4.7(a), as soon as practicable after the execution and delivery of this Agreement, the parties shall file, or cause to be filed, the State PUC Applications. If the Closing shall not have occurred for any reason within any applicable consummation period relating to any State PUCs grant of any State PUC Application, and neither the Buyer nor any of the Sellers shall have terminated this Agreement pursuant to Article VIII, the Buyer and the Sellers shall jointly request one or more extensions of the consummation period of such grant.

(c) Each of the Buyer and the Sellers shall bear its own expenses in connection with the preparation and prosecution of the FCC Applications and the State PUC Applications. The Buyer and the Sellers shall each use their commercially reasonable efforts to prosecute the FCC Applications and the State PUC Applications in good faith and with due diligence before the FCC and the State PUCs and in connection therewith shall take such action or actions as may be necessary or reasonably required in connection with the FCC Applications and the State PUC Applications, including furnishing to the FCC and the State PUCs any documents, materials, or other information requested by the FCC and the State PUCs in order to obtain such approvals as expeditiously as practicable. No party hereto shall knowingly take, or fail to take, any action if the intent or reasonably anticipated consequence of such action or failure to act is, or would be, to cause the FCC, any State PUC, or other regulatory authority not to grant approval of any FCC Application or of any State PUC Application or materially delay either such approval or the consummation of the assignment of Communications Licenses of the Sellers.

6.17. Use of Name. Each Seller covenants that at the Closing, or as soon as practicable thereafter, it will not use any name, mark, logo, tradename or trademark incorporating "Rhythms NetConnections Inc.", "Rhythms Net" or "Rhythms" in any business activity except as is necessary for the administration of the Case.

VI-A ADDITIONAL POST-CLOSING COVENANTS

6A.1 Alternative Tax Procedure. Pursuant to the "Alternative Procedure" provided in section 5 of Revenue Procedure 96-60, 1996-2 C.B. 399, (i) Buyer and Sellers shall report on a predecessor/successor basis as set forth therein, (ii) Sellers will be relieved from filing a Form W-2 with respect to each Buyer Hire and (iii) Buyer will undertake to file (or cause to be filed) a Form W-2 for each such Buyer Hire for the year that includes the Closing Date (including the portion of such year that such employee was employed by such Seller). Sellers shall provide Buyer on a timely basis with all payroll and employment-related information with respect to each employee of each Seller who accepts employment with Buyer.

6A.2 Further Assurances. On and after the Closing Date, the parties shall take all appropriate action and shall execute and deliver all documents, instruments or conveyances of any kind that may be reasonably necessary or advisable to carry out any of the provisions hereof, including the conveyance and transfer of the Assets.

6A.3 Further Agreements. Each Seller authorizes and empowers Buyer on and after the Closing Date to receive and to open all mail received by Buyer relating to the Assets, the Business or the Assumed Liabilities and to deal with the contents of such communications in any proper manner. Each Seller shall promptly deliver to Buyer any mail or other communication received by such Seller after the Closing Date pertaining to the Assets, the Business or the Assumed Liabilities and shall remit all payments received on or after the Closing Date with respect to any account receivable. Buyer shall promptly deliver to Sellers any mail or other communication received by it after the Closing Date pertaining to the Excluded Assets or any Excluded Liabilities and any cash, checks or other instruments of payment in respect thereof. From and after the Closing Date, the Sellers shall refer all inquiries with respect to the Business, the Assets and the Assumed Liabilities to Buyer, and Buyer shall refer all calls with respect to the Excluded Assets and the Excluded Liabilities to the Sellers.

6A.4 Removal of Excluded Assets. Within a reasonable period of time after the Closing, Sellers shall remove all Excluded Assets from the locations used by Buyer in the operation of the Business.

6A.5 Post-Closing Access to Records and Personnel. Buyer hereby acknowledges that it shall grant to each Seller, from and after the Closing Date, reasonable access during regular business hours, as promptly as practicable but in no event no later than five days after receiving notice, to any records related to Sellers' operation of the Business prior to the Closing Date upon Sellers' written request. Buyer shall keep such records in a manner consistent with Buyer's past practice and such records shall not be destroyed until the later of three years from the Closing Date or the conclusion of all bankruptcy proceedings related to the Business. Sellers shall have the right to make copies of any such records, provided that any such access or copying shall be had or done (i) at Sellers' expense, (ii) in such a manner not to

interfere with the normal conduct of the Buyer's business, and (iii) Sellers shall not disclose or divulge confidential or proprietary information about the Business without Buyer's written consent.

6A.7 Continued Cooperation. If the Closing occurs at a time when not all regulatory approvals have been obtained, the parties shall (i) continue to abide by their obligations hereunder to obtain all regulatory approvals and (ii) cooperate in continuing to operate the Business, to the extent commercially reasonable, in the ordinary course in the states with respect to which regulatory approvals have not been obtained, with Buyer receiving the economic benefits of such operation.

VII. CONDITIONS TO OBLIGATIONS OF THE PARTIES

7.1. Conditions Precedent to Obligations of the Sellers and Buyer. The respective obligations of each party to close under this Agreement shall be subject to the satisfaction at or prior to the Closing Date of the following conditions:

(a) No Injunction or Stay. No preliminary or permanent injunction or other order issued by, and no Proceeding or Order nor any Law or Order promulgated or enacted by any United States Governmental Entity shall be in effect or pending which materially delays, restrains, enjoins or otherwise prohibits or seeks to restrain, enjoin or otherwise prohibit the transactions contemplated hereby.

(b) The Approval Order. The Approval Order shall have been entered by the Bankruptcy Court and shall not have been reversed, stayed, modified or amended in any manner materially adverse to Buyer. The "Approval Order" shall be an order or orders of the Bankruptcy Court in form and substance reasonably acceptable to the Sellers and Buyer approving this Agreement and all of the terms and conditions hereof, and approving and authorizing the Sellers to consummate the transactions contemplated hereby. Without limiting the generality of the foregoing, such order shall find and provide, among other things, that (i) the Assets sold to Buyer pursuant to this Agreement shall be transferred to Buyer free and clear of all Liens and Liabilities of any Person, such Liens and Liabilities to attach to the Purchase Price payable pursuant to Section 3.2; (ii) Buyer has acted in good faith within the meaning of Section 363(m) of the Bankruptcy Code and, as such, is entitled to the protections afforded thereby; (iii) this Agreement was negotiated, proposed and entered into by the parties without collusion, in good faith and from arm's length bargaining positions; (iv) Buyer is not acquiring or assuming any of Sellers' or any other Person's Liabilities except as expressly provided in this Agreement; (v) all Assumed Contracts, Assumed Equipment Leases and Assumed Real Property Leases (and any additional executory contracts and unexpired leases that Buyer designates for assumption and assignment) shall be assumed by the Sellers and assigned to Buyer pursuant to Section 365 of the Bankruptcy Code and, as required by this Agreement, the Sellers shall be obligated to pay all Cure Amounts in respect thereof, and Buyer shall have no obligation to pay, or any Liability for, such Cure Amounts and, thereafter shall have no further Liability under such Assumed Contracts, the Assumed Equipment Leases and the Assumed Real Property Leases pursuant to Section 365(k) of the Bankruptcy Code; (vi) Buyer is entitled to assume the Interconnection and Collocation Agreements and perform post-closing obligations thereunder only with respect to the Assumed Central Office Locations listed on Schedule 2.1(e) that Buyer will operate after the

Closing Date; (vii) the Sellers are authorized and directed to discontinue active Business operations in the event that this Agreement is terminated; (viii) the Bankruptcy Court shall retain jurisdiction to resolve any controversy or claim arising out of or relating to this Agreement, or the breach hereof as provided in Section 10.11 hereof and (ix) this Agreement and the transactions and instruments contemplated hereby shall be specifically performable and enforceable against and binding upon, and not subject to rejection or avoidance by, Seller or any chapter 7 or chapter 11 trustee of any Seller and its estate.

(c) HSR. Any waiting period applicable to the consummation of the transaction contemplated by this Agreement under the HSR Act shall have expired or shall have been terminated.

(d) Consents Related to Communications Licenses. All consents (including consents to assignments of permits and rights of way), waivers, approvals, certificates, and other authorizations required to be obtained with respect to the Communications Licenses and the transfer of the Assets shall have been obtained by a Final Order (or either (i) waived in whole or in part in a writing executed by the parties hereto, unless such a waiver is prohibited by law, or (ii) if applicable, the Buyer shall have received adequate assurances satisfactory to it that all such approvals, clearances, consents, and authorizations will be given) and all parties shall have complied with the conditions, if any, imposed in connection therewith.

(e) Consents and Approvals. All consents, waivers, authorizations and approvals of third Persons as are necessary in connection with the transactions contemplated by this Agreement shall have been obtained, except for such consents, waivers, authorizations and approvals which would not have a Material Adverse Effect and such consents and approvals which are not required due to the entry by the Bankruptcy Court of the Approval Order.

7.2. Conditions Precedent to Obligations of Buyer. The obligation of Buyer to close under this Agreement is subject to the satisfaction (or waiver by Buyer) at or prior to the Closing Date of each of the following additional conditions:

(a) Accuracy of Representations and Warranties. The representations and warranties of the Sellers contained herein shall be true and correct in all material respects on the date hereof and on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent that any such representation or warranty is made as of a specified date, in which case such representation or warranty shall have been true and correct in all material respects as of such date.

(b) Performance of Agreements. Sellers shall have performed in all material respects all obligations and agreements contained in this Agreement required to be performed by them prior to or at the Closing Date.

(c) Officer's Certificate. Buyer shall have received a certificate, dated the Closing Date, of an officer of the Sellers to the effect that the conditions specified in Sections 7.2(a) and (b) above have been fulfilled.

(d) Supplemental Notice of Sale Motion and Hearing. Sellers shall have given good and sufficient published notice of the Sale Motion to all creditors and parties in interest, which notice shall refer specifically to the proposed assumption of the Interconnection and Collocation Agreements with respect to the Assumed Central Office Locations and the discontinuance of the operations of the Business in the event that the Agreement is terminated.

(e) Buyer shall have entered into an agreement with Cisco Systems Capital Corporation to acquire all or substantially all of the network equipment assets leased to the Sellers by Cisco Systems Capital Corporation, which agreement shall be satisfactory to Buyer in its sole and absolute discretion, on or before the date of the hearing on the Sale Motion.

(f) Buyer shall have entered into new contracts with Sellers' existing customers, excluding Buyer and its Affiliates, that shall result in 40,000 digital subscriber lines, which contracts shall be in service effective as of the Closing Date.

7.3. Conditions Precedent to the Obligations of the Sellers. The obligation of the Sellers to close under this Agreement is subject to the satisfaction (or waiver by the Sellers) at or prior to the Closing Date of each of the following additional conditions:

(a) Accuracy of Representations and Warranties. The representations and warranties of Buyer contained herein shall be true and correct in all material respects on the date hereof and on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent that any such representations or warranty is made as of a specified date, in which case such representation or warranty shall have been true and correct as of such date.

(b) Performance of Agreements. Buyer shall have performed in all material respects all obligations and agreements contained in this Agreement and the agreements evidencing the Post-Petition Financing required to be performed by it prior to or at the Closing Date.

(c) Officer's Certificate. Sellers shall have received a certificate, dated the Closing Date, of an officer of Buyer to the effect that the conditions specified in subsections (a) and (b) above have been fulfilled.

(d) All claims of Cisco Systems Capital Corporation and its Affiliates against Sellers shall have been fixed as to amount and priority, and allowed by an Order of the Bankruptcy Court, in a manner reasonably satisfactory to Sellers on or before the date of the hearing on the Sale Motion.

(e) Sellers shall determine, in their reasonable discretion, on or before the date of the hearing on the Sale Motion, that the scope and operation of the indemnity provision set forth in Article IX is adequate in all material respects.

VIII. TERMINATION

8.1. Termination of Agreement. This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing:

(a) By mutual written consent of Buyer and Sellers;

(b) By any party if the Closing shall not have occurred on or before December 31, 2001; provided, however, that, if the Closing shall not have occurred due to the failure of the Bankruptcy Court to enter the Approval Order on or before September 24, 2001, then Buyer may terminate this Agreement; provided, further, however, that if the Closing shall not have occurred on or before December 31, 2001 due to a breach of this Agreement by Buyer or the Sellers, the breaching party may not terminate this Agreement pursuant to this Section 8.1(b).

(c) By any party not in breach of this Agreement, if there shall be any Law or regulation that makes the consummation of the transactions contemplated hereby illegal or otherwise prohibited or if consummation of the transactions contemplated hereby would violate any nonappealable final Order;

(d) By Buyer, if the Bankruptcy Court approves a Competing Transaction, subject to Buyer's right to payment of the Breakup Fee in cash, by wire transfer of immediately available funds to an account designated by Buyer, on the Business Day following the date of the consummation of any Competing Transaction; or

(e) By the Sellers, on the one hand, or Buyer, on the other, (i) if Buyer or the Sellers, as the case may be, materially breach any of its obligations under this Agreement, unless such breach shall be cured within ten (10) Business Days after such other party shall have received notice of such breach in accordance with the terms hereof; or (ii) if Buyer or the Sellers, as the case may be, materially breach any of its obligations under the documents evidencing the Post-Petition Financing.

(f) By Buyer, if Sellers shall not have delivered completed Schedules to this Agreement pursuant to Article IVB and on or before the date of the Sale Hearing, the Buyer, in its sole and absolute discretion, determines that it is not satisfied with such Schedules and is terminating this Agreement pursuant to this Section 8.1(f).

(g) By Buyer, if the condition to Closing in Section 7.2(e) is not satisfied within the time period stated therein.

(h) By Buyer, if the condition to Closing in Section 7.2(f) is not satisfied or waived prior to, or within ten (10) Business Days of, the date of the entry of the Approval Order.

(i) By Sellers, if the condition to Closing in Sections 7.3(d) and 7.3(e) are not satisfied within the respective time period stated therein.

8.2. No Liabilities in Event of Termination. In the event of any termination of the Agreement pursuant to Section 8.1, written notice thereof shall as promptly as practicable be given to the other party specifying the provision hereof pursuant to which such termination is

made, this Agreement shall terminate and be of no further force and effect, and there shall be no liability on the part of Buyer or the Sellers, except that if (i) this Agreement shall be terminated pursuant to Section 8.1(d) the Break-Up Fee shall be payable to Buyer; (ii) this Agreement shall be terminated by Sellers pursuant to Section 8.1(e) hereof, the Earnest Money Deposit shall be retained by the Sellers as liquidated damages, and (iii) this Agreement shall be terminated by Buyer pursuant to Section 8.1(e) hereof, the Sellers shall pay the Expense Reimbursement to Buyer.

IX. - INDEMNIFICATION

9.1. Indemnification.

(a) Buyer shall indemnify and hold each Seller, as well as its respective officers and directors, harmless against and in respect of loss, damage, claim, Liability, judgment or settlement of any nature or kind, including all costs and expenses relating thereto, including without limitation, interest, penalties and reasonable attorneys' fees (collectively "Damages"), arising from (i) the continued operation of the Business after the effective date of the termination of this Agreement, if Sellers are compelled to continue (or to resume after shutdown), the active operations of the Business as a result of the issuance of an Order to the Sellers by the FCC either rescinding its prior authorization to discontinue operations or instituting an additional notice period pending authorization to discontinue operations and (ii) any enforcement remedy initiated by the FCC in connection with any of the foregoing.

(b) In the event that any Person shall incur or suffer any Damages in respect of which indemnification may be sought hereunder, such Person (the "Indemnified Party") may assert a claim for indemnification by providing written notice to the party from whom indemnification is being sought (the "Indemnifying Party"), stating the amount of Damages, if known, and the nature and basis of such claim (the "Notice"). In the case of Damages that arise or may arise by reason of any third-party claim, promptly after receipt by an Indemnified Party of written notice of the assertion of any claim or the commencement of any action with respect to any matter in respect of which indemnification may be sought hereunder, the Indemnified Party shall give Notice to the Indemnifying Party and shall thereafter keep the Indemnifying Party reasonably informed with respect thereto, provided that failure of the Indemnified Party to give the Indemnifying Party prompt notice as provided herein shall not relieve the Indemnifying Party of any of its obligations hereunder, except to the extent that the Indemnifying Party is materially prejudiced by such failure. In case any such claim is made or action is brought against any Indemnified Party, the Indemnifying Party shall assume the defense thereof, confirmed by written notice of its intention to do so to the Indemnified Party within 30 days after receipt of the Notice. The Indemnifying Party shall have the right to settle such claim or action; provided, however, that it shall not settle such claim or action without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed) if such settlement (i) does not include as an unconditional term thereof the giving by the claimant or the plaintiff of a release of the Indemnified Party from all Liability with respect to such claim or action or (ii) involves the imposition of equitable remedies or the imposition of any material obligations on such Indemnified Party other than financial obligations for which such Indemnified Party will be indemnified hereunder. As long as the Indemnifying Party is contesting any such claim or action in good faith, the Indemnified Party shall not pay or settle

such claim or action. Following delivery of notice of its intention to assume the defense of any claim or action hereunder, the Indemnifying Party shall not be liable hereunder for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof; provided, further, however, that if the defendants in any action shall include both an Indemnifying Party and any Indemnified Party and such Indemnified Party shall have reasonably concluded that counsel selected by the Indemnifying Party has a conflict of interest because of the availability of different or additional defenses to such Indemnified Party, such Indemnified Party shall have the right to separate counsel to participate in the defense of such action on its behalf, at the expense of the Indemnifying Party; provided, further, however, that the Indemnifying Party shall not be obligated to pay the expenses of more than one separate counsel for all Indemnified Parties, taken together.

(c) If the Indemnifying Party shall fail to assume the defense of any claim or action, or shall notify the Indemnified Party that it will not assume the defense hereof, then the Indemnified Party may assume the defense of such claim or action, in which event it may do so acting in good faith, and the Indemnifying Party shall be bound by any determination made in any such action, provided, however, that the Indemnified Party shall not be permitted to settle any such action without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed. No such determination or settlement shall affect the right of the Indemnifying Party to dispute the Indemnified Party's claim for indemnification hereunder. The Indemnifying Party shall be permitted to participate in the defense of such claim or action and to employ counsel at its own expense. The Indemnified Party shall cooperate in the defense of any claim or action, which cooperation shall include the retention and the provision to the Indemnifying Party of records and information which are reasonably relevant to such defense, and making employees available on a mutually convenient basis to provide additional information and explanation of any materials provided hereunder, including providing such employees to serve as witnesses.

(d) The right to indemnification pursuant to this Article IX shall not be affected by any investigation conducted with respect to, or any knowledge acquired (or capable of being acquired) at any time, whether before or after the execution and delivery of this Agreement or the date the Closing occurs, with respect to the accuracy or inaccuracy of or compliance with, any representation, warranty, covenant or obligation. The waiver of any condition to the obligation of a party to consummate the transactions contemplated by this Agreement, where such condition is based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation, shall not affect the right of an Indemnified Party to indemnification, payment of an Indemnified Party's Damages, or other remedy based on such representation, warranty, covenant or obligation.

(e) Any indemnification payments made pursuant to this Agreement shall be treated for tax purposes as an adjustment to the Purchase Price, unless otherwise required by applicable law.

(f) The obligations to indemnify and hold harmless the Sellers shall terminate upon the expiration of the applicable statute of limitations.

X. GENERAL PROVISIONS

10.1. Expenses. Except as set forth in this Agreement and whether or not the transactions contemplated hereby are consummated, each party shall bear all costs and expenses incurred or to be incurred by such party in connection with this Agreement and the consummation of the transactions contemplated hereby.

10.2. Assignment. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by the Sellers without the prior written consent of Buyer, or by Buyer without the prior written consent of Sellers; provided, however, that, Buyer may assign its rights and obligations hereunder, in whole or in part, to any Affiliate of Buyer, provided that no such assignment shall relieve Buyer of its Liabilities and obligations hereunder if such assignee does not perform such obligations and provided, further that this Agreement may be assigned to one or more trustees appointed by the Bankruptcy Court to succeed to the rights of the Sellers. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, and except as otherwise expressly provided herein, no other Person shall have any right, benefit or obligation hereunder.

10.3. Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of the Sellers and Buyer, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement. Without limiting the foregoing, no direct or indirect holder of any equity interests or securities of either the Sellers or Buyer (whether such holder is a limited or general partner, member, stockholder or otherwise), nor any Affiliate of either the Sellers or Buyer, nor any director, officer, employee, representative, agent or other controlling person of each of the parties hereto and their respective Affiliates shall have any liability or obligation arising under this Agreement or the transactions contemplated thereby.

10.4. Notices. Unless otherwise provided herein, any notice, request, instruction or other document to be given hereunder by any party to any other party shall be in writing and shall be delivered in person or by courier or facsimile transmission or mailed by certified mail, postage prepaid, return receipt requested and shall be deemed given upon (a) confirmation of receipt of a facsimile transmission, (b) confirmed delivery by hand or standard overnight mail or (c) upon the expiration of three (3) business days after the day mailed by certified mail, as follows:

If to Sellers: Rhythms NetConnections, Inc.
9100 East Mineral Circle
Englewood, CO 80112
Attention: J.W. Braukman, III
Fax: (303) 476-5700

With a copy to: Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attention: Paul Basta, Esq.
Fax: (212) 735-8007

and: Brownstein, Hyatt & Farber, P.C.
410 Seventeenth St., 22nd Floor
Denver, CO 80202
Attention: John Ruppert, Esq.
Fax: (303) 223-0970

If to Buyer: WorldCom, Inc.
500 Clinton Center Drive
Clinton, MS 39056
Attention: K. William Grothe, Jr.
Fax: (601) 460-8051

WorldCom, Inc.
1133 19th Street, N.W.
9th Floor
Washington, D.C. 20036
Attention: Roland J. Behm, Esq.
Fax: (202) 736-6085

With a copy to: Piper Marbury Rudnick & Wolfe LLP
6225 Smith Avenue
Baltimore, MD 21209
Attention: Eric B. Miller, Esq.
Fax: (410) 580-3216

or to such other place and with such other copies as either party may designate as to itself by written notice to the other party. Rejection, any refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice as of the date of such rejection, refusal or inability to deliver.

10.5. Choice of Law. This Agreement shall be governed and construed, and the rights of the parties shall be determined, in accordance with the Bankruptcy Code and the substantive laws of the State of New York, except that any provisions contained herein relating to the conveyance of interests in real property shall be governed by the substantive laws of the State in which the Real Property is located, in each case without regard to the conflict of law principles thereof or of any other jurisdiction.

10.6. Non-Survival of Representations, Warranties and Agreements. All representations, warranties and (except as set forth in the following sentence) covenants set forth in this Agreement or in any certificate, document or other instrument delivered in connection herewith other than those covenants and agreements set forth in Article X hereof, shall terminate at the earlier of (i) the Closing and (ii) termination of this Agreement in accordance with Article VIII hereof. Only those covenants that contemplate actions to be taken or obligations in effect after the Closing or termination of this Agreement, as the case may be, shall survive Closing in accordance with their terms and to the extent so contemplated.

10.7. Entire Agreement; Amendments and Waivers. This Agreement (including the Schedules hereto) constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, of the parties. Except as set forth herein or in any certificate delivered pursuant hereto, no party (or any employee or agent thereof) makes any representation or warranty, express or implied, to any other party with respect to this Agreement or the transactions contemplated hereby. No supplement, modification or waiver of this Agreement (including, without limitation, any schedule hereto) shall be binding unless the same is executed in writing by all parties. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), and no such waiver shall constitute a continuing waiver unless otherwise expressly provided.

10.8. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopy shall be as effective as delivery of a manually executed counterpart of this Agreement. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

10.9. Severability; Invalidity. If any one or more of the provisions contained in this Agreement (other than any of the provisions contained in Article II or Article III hereof), unless waived by the party benefited thereby or in any other instrument referred to herein, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, the remainder of this Agreement shall not be affected thereby, and to such end, the provisions of this Agreement are agreed to be severable.

10.10. Headings. The table of contents and the headings of the Articles and Sections herein are inserted for convenience of reference only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

10.11. Exclusive Jurisdiction. Without limiting any party's right to appeal any order of the Bankruptcy Court, (a) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby, and (b) any and all claims, actions, causes of action, suits and proceedings related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 10.4 hereof.

10.12. Waiver of Right to Trial by Jury. Each party to this Agreement waives any right to trial by jury in any action, matter or proceeding regarding this Agreement or any provision hereof.

10.13. Beneficiaries. Nothing in this Agreement, expressed or implied, is intended to confer upon any other Person any rights or remedies of any nature under or by reason of this Agreement, except as expressly provided in herein.

10.14. Specific Performance. Each of the parties hereto acknowledges that the other party hereto would be irreparably damaged in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, each of the parties hereto shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions thereof in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction, in addition to any other remedy to which the parties may be entitled, at law, in equity or pursuant to this Agreement.

10.15. Counting. If the due date for any action to be taken under this Agreement (including, without limitation, the delivery of notices) is not a Business Day, then such action shall be considered timely taken if performed on or prior to the next Business Day following such due date.

10.16. Service of Process. Each party irrevocably consents to the service of process in any action or proceeding by receipt of mailed copies thereof by national courier service or registered United States mail, postage prepaid, return receipt requested, to its address as specified in or pursuant to Section 10.4 hereof. However, the foregoing shall not limit the right of a party to effect service of process on the other party by any other legally available method.

10.17. Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of the parties hereto.

10.18. Time of Essence. With regard to all dates and time periods set forth or referred to in this Agreement, time is of the essence.

10.19. Waiver. At any time prior to the Closing Date, any party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto, and (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

10.20. Schedules. The Schedules attached to, delivered with and identified to this Agreement are a part of this Agreement the same as if fully set forth herein and all references herein to any Section of this Agreement shall be deemed to include a reference to any Schedule named therein.

10.21. Interpretation.

(a) Whenever the words "include," "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation."

(b) Words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(c) A reference to any party to this Agreement or any other agreement or document shall include such party's successors and permitted assigns.

(d) A reference to any legislation or to any provision of any legislation shall include any modification or re-enactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto.

(e) All references to "\$" and dollars shall be deemed to refer to United States currency unless otherwise specifically provided.

(f) All references to any financial or accounting terms shall be defined in accordance with United States Generally Accepted Accounting Principles.

10.22. Preparation of this Agreement. Buyer and Sellers hereby acknowledge that (i) Buyer and Sellers jointly and equally participated in the drafting of this Agreement and all other agreements contemplated hereby, (ii) both Buyer and Sellers have been adequately represented and advised by legal counsel with respect to this Agreement and the transactions contemplated hereby, and (iii) no presumption shall be made that any provision of this Agreement shall be construed against either party by reason of such role in the drafting of this Agreement and any other agreement contemplated hereby.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of Sellers and Buyer as of the date first above written.

RHYTHMS NETCONNECTIONS, INC.

By: _____
Name:
Title:

RHYTHMS LINKS INC.

By: _____
Name:
Title:

RHYTHMS LINKS – VIRGINIA INC.

By: _____
Name:
Title:

RHYTHMS LEASING, INC.

By: _____
Name:
Title:

WORLD.COM, INC.

By: _____
Name:
Title:

SCHEDULE 2.1(a) TO BE PROVIDED

SCHEDULE 2.1(b) TO BE PROVIDED

SCHEDULE 2.1(d) TO BE PROVIDED

SCHEDULE 2.1(e) TO BE PROVIDED

SCHEDULE 2.1(g) TO BE PROVIDED

SCHEDULE 2.1(h) TO BE PROVIDED

SCHEDULE 2.1(i) TO BE PROVIDED

SCHEDULE 2.1(j) TO BE PROVIDED

SCHEDULE 2.1(k) TO BE PROVIDED

SCHEDULE 2.1(m) TO BE PROVIDED

SCHEDULE 4.4 TO BE PROVIDED

SCHEDULE 4.5 TO BE PROVIDED

SCHEDULE 4.7(a) TO BE PROVIDED

SCHEDULE 4.7(d) TO BE PROVIDED

SCHEDULE 4.8 TO BE PROVIDED

SCHEDULE 4.9(c) TO BE PROVIDED

SCHEDULE 4.9(e) TO BE PROVIDED

SCHEDULE 4.12(b) TO BE PROVIDED

SCHEDULE 4.13 TO BE PROVIDED

SCHEDULE 4.14 TO BE PROVIDED

SCHEDULE 5.4 TO BE PROVIDED

SCHEDULE 5.5 TO BE PROVIDED

SCHEDULE 8.1 TO BE PROVIDED

Exhibit B

Market	Cell Code	ILEG	CO City	CO Physical State
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Atlanta	ALPRGAMA	Bell South	ALPHARETTA	GA
Atlanta	ATLNGABU	Bell South	ATLANTA	GA
Atlanta	ATLNGACS	Bell South	ATLANTA	GA
Atlanta	ATLNGAPP	Bell South	ATLANTA	GA
Atlanta	ATLNGATH	Bell South	ATLANTA	GA
Atlanta	CHMBGAMA	Bell South	CHAMBLEE	GA
Atlanta	DLTHGAHS	Bell South	DULUTH	GA
Atlanta	LRVLGAOS	Bell South	LAWRENCEVILLE	GA
Atlanta	MRTTGAEA	Bell South	MARIETTA	GA
Atlanta	MRTTGAMA	Bell South	MARIETTA	GA
Atlanta	RSWLGAMA	Bell South	ATLANTA	GA
Atlanta	SMYRGAMA	Bell South	SMYRNA	GA
Atlanta	SMYRGAPF	Bell South	MARIETTA	GA
Atlanta	TUKRGAMA	Bell South	TUCKER	GA
Austin	AUSTTXFI	SWB	Austin	TX
Austin	AUSTTXGR	SWB	Austin	TX
Austin	AUSTTXHI	SWB	Austin	TX
Austin	AUSTTXHO	SWB	Austin	TX
Austin	AUSTTXJO	SWB	Austin	TX
Austin	AUSTTXRR	SWB	Austin	TX
Austin	AUSTTXTE	SWB	Austin	TX
Baltimore	ANNPMDAN	Verizon/BA	ANNAPOLIS	MD
Baltimore	BLTMMDCH	Verizon/BA	BALTIMORE	MD
Baltimore	CLMAMDCB	Verizon/BA	COLUMBIA	MD
Baltimore	TWSNMDTW	Verizon/BA	TOWSON	MD
Boston	ACTNMAMA	Verizon/BA	ACTON	MA
Boston	BDFRMAPA	Verizon/BA	BEDFORD	MA
Boston	BITNMAWI	Verizon/BA	BRIGHTON	MA
Boston	BKLIMAMA	Verizon/BA	BROOKLINE	MA
Boston	BLMTMALE	Verizon/BA	BELMONT	MA
Boston	BRNTMAWA	Verizon/BA	BRAINTREE	MA
Boston	BSTNMABE	Verizon/BA	BOSTON	MA
Boston	BSTNMABO	Verizon/BA	BOSTON	MA
Boston	BSTNMAHA	Verizon/BA	BOSTON	MA
Boston	BURLMABE	Verizon/BA	BURLINGTON	MA
Boston	CMBRMAWA	Verizon/BA	CAMBRIDGE	MA
Boston	DDHMMAWA	Verizon/BA	DEDHAM	MA
Boston	DNVSMABI	Verizon/BA	DANVERS	MA
Boston	DRCHMAAD	Verizon/BA	DORCHESTER	MA
Boston	FRMNMAUN	Verizon/BA	FRAMINGHAM	MA
Boston	GLCSMAEL	Verizon/BA	GLOUCESTER	MA
Boston	HVHLMAWI	Verizon/BA	HAVERHILL	MA
Boston	LWLLMAAP	Verizon/BA	LOWELL	MA
Boston	LWRNMACA	Verizon/BA	LAWRENCE	MA

Boston	LXTNMAWA	Verizon/BA	LEXINGTON	MA
Boston	LYNNMACH	Verizon/BA	LYNN	MA
Boston	MLDNMAEL	Verizon/BA	MALDEN	MA
Boston	MRFDMAMA	Verizon/BA	MARSHFIELD	MA
Boston	NDHMMAPI	Verizon/BA	NEEDHAM	MA
Boston	NRWDMAVE	Verizon/BA	NORWOOD	MA
Boston	NTCKMAEC	Verizon/BA	NATICK	MA
Boston	NWTNMAWA	Verizon/BA	NEWTON	MA
Boston	QNCYMAHA	Verizon/BA	QUINCY	MA
Boston	RKLDMAWE	Verizon/BA	ROCKLAND	MA
Boston	RXBRMAWA	Verizon/BA	ROXBURY	MA
Boston	SALMMANO	Verizon/BA	SALEM	MA
Boston	SBTNMAEF	Verizon/BA	SOUTH BOSTON	MA
Boston	SDBRMABP	Verizon/BA	SUDBURY	MA
Boston	SOVLMAEC	Verizon/BA	SOMERVILLE	MA
Boston	TWBYMARO	Verizon/BA	TEWKSBURY	MA
Boston	WKFDMAEB	Verizon/BA	WAKEFIELD	MA
Boston	WLHMMASP	Verizon/BA	WALTHAM	MA
Boston	WLSLMALA	Verizon/BA	WELLESLEY	MA
Boston	WNCHMAMA	Verizon/BA	WINCHESTER	MA
Boston	WRCSMAEC	Verizon/BA	WORCESTER	MA
Boston	WRXBMABE	Verizon/BA	WEST ROXBURY	MA
Boston	WSFRMADE	Verizon/BA	WESTFORD	MA
Chicago	ALGNILAQ	Ameritech	Algonquin	IL
Chicago	ARLHILAH	Ameritech	Arlington Heights	IL
Chicago	AURRILAE	Ameritech	Aurora	IL
Chicago	AURRILAR	Ameritech	Aurora	IL
Chicago	BLISILBI	Ameritech	Blue Island	IL
Chicago	BLWDILBW	Ameritech	Bellwood	IL
Chicago	BNSVILBV	Ameritech	Bensenville	IL
Chicago	BNTOLBA	Ameritech	Barrington	IL
Chicago	BRTLILBT	Ameritech	Barlett	IL
Chicago	CARYILCA	Ameritech	Cary	IL
Chicago	CHCGILBE	Ameritech	Chicago	IL
Chicago	CHCGILCA	Ameritech	Chicago	IL
Chicago	CHCGILCL	Ameritech	Chicago	IL
Chicago	CHCGILDO	Ameritech	Chicago	IL
Chicago	CHCGILED	Ameritech	Chicago	IL
Chicago	CHCGILFR	Ameritech	Chicago	IL
Chicago	CHCGILHB	Ameritech	Chicago	IL
Chicago	CHCGILID	Ameritech	Chicago	IL
Chicago	CHCGILIR	Ameritech	Chicago	IL
Chicago	CHCGILKI	Ameritech	Chicago	IL
Chicago	CHCGILLA	Ameritech	Chicago	IL
Chicago	CHCGILLR	Ameritech	Chicago	IL
Chicago	CHCGILLW	Ameritech	Lakeview	IL
Chicago	CHCGILME	Ameritech	Chicago	IL
Chicago	CHCGILMO	Ameritech	Chicago	IL
Chicago	CHCGILNE	Ameritech	Chicago	IL

Chicago	CHCGILPM	Ameritech	CHICAGO	IL
Chicago	CHCGILRP	Ameritech	ROGERS PARK	IL
Chicago	CHCGILSC	Ameritech	CHICAGO	IL
Chicago	CHCGILST	Ameritech	CHICAGO	IL
Chicago	CHCGILSU	Ameritech	SUPERIOR	IL
Chicago	CHCGILWB	Ameritech	CHICAGO	IL
Chicago	CHHGILCH	Ameritech	CHICAGO HEIGHTS	IL
Chicago	CICRILCI	Ameritech	CICERO	IL
Chicago	CRLKILCK	Ameritech	CRYSTAL LAKE	IL
Chicago	DRFDILDF	Ameritech	DEERFIELD	IL
Chicago	DSPLILXL	Ameritech	DES PLAINS	IL
Chicago	DWGVILDG	Ameritech	DOWNERS GROVE	IL
Chicago	EDNDILDU	Ameritech	EAST DUNDEE	IL
Chicago	EGVGILEG	Ameritech	ELK GROVE	IL
Chicago	ELGNILEL	Ameritech	ELGIN	IL
Chicago	EMHRILET	Ameritech	ELMHURST	IL
Chicago	EVTNILEV	Ameritech	EVANSTON	IL
Chicago	GENVILGN	Ameritech	GENEVA	IL
Chicago	GLELILGE	Ameritech	GLEN ELLYN	IL
Chicago	GLVWILGV	Ameritech	GLENVIEW	IL
Chicago	GYLKILGL	Ameritech	GRAYS LAKE	IL
Chicago	HCHLILHH	Ameritech	HICKORY HILLS	IL
Chicago	HFESILWL	Ameritech	WILLOWCREST	IL
Chicago	HGPKILHP	Ameritech	HIGHLAND PARK	IL
Chicago	HLSDILHD	Ameritech	HILLSIDE	IL
Chicago	HMWDILHO	Ameritech	HOMEWOOD	IL
Chicago	HNDLILHI	Ameritech	HINSDALE	IL
Chicago	HRVYILHA	Ameritech	HARVEY	IL
Chicago	JOLTILJW	Ameritech	JOLIET	IL
Chicago	KNKKILKK	Ameritech	KANKAKEE	IL
Chicago	LBRDILLM	Ameritech	LOMBARD	IL
Chicago	LBVLILLI	Ameritech	LIBERTYVILLE	IL
Chicago	LGRCILLG	Ameritech	LaGRANGE	IL
Chicago	LKFRILLF	Ameritech	LAKE FOREST	IL
Chicago	LKZRILLZ	Ameritech	LAKE ZURICH	IL
Chicago	MCHNILMY	Ameritech	McHENRY	IL
Chicago	MRGVILMG	Ameritech	MORTON GROVE	IL
Chicago	NBRKILNB	Ameritech	NORTHBROOK	IL
Chicago	NPVLILNA	Ameritech	NAPERVILLE	IL
Chicago	NPVLILNE	Ameritech	NAPERVILLE	IL
Chicago	OKBRILOA	Ameritech	OAK BROOK	IL
Chicago	OKLWILOL	Ameritech	OAK LAWN	IL
Chicago	OKPKILOP	Ameritech	OAK PARK	IL
Chicago	ORPKILOR	Ameritech	ORLAND PARK	IL
Chicago	PALTILPA	Ameritech	PALATINE	IL
Chicago	PKFSILPF	Ameritech	PARK FOREST	IL
Chicago	PRRGILXL	Ameritech	PARK RIDGE	IL
Chicago	RSLILRZ	Ameritech	Roselle	IL
Chicago	RVGVILRG	Ameritech	River Grove	IL

Chicago	SCBGILCO	Ameritech	SCHAUMBURG	IL
Chicago	SCPKILSP	Ameritech	SCHILLER PARK	IL
Chicago	SKOKILSK	Ameritech	SKOKIE	IL
Chicago	SMMTILSM	Ameritech	SUMMIT	IL
Chicago	TNPKILTP	Ameritech	TINLEY PARK	IL
Chicago	WHTNILWH	Ameritech	WHEATON	IL
Chicago	WKGNILWK	Ameritech	WAUKEGAN	IL
Chicago	WLMTILWI	Ameritech	WILMETTE	IL
Chicago	WLNIGILWG	Ameritech	WHEELING	IL
Chicago	WNTKILWN	Ameritech	WINNETKA	IL
Cleveland	BCWDOH46	Ameritech	Beachwood	OH
Cleveland	BEREOH23	Ameritech	Berea	OH
Cleveland	CLEVOH25	Ameritech	CLEVELAND	OH
Cleveland	CLEVOH43	Ameritech	CLEVELAND	OH
Cleveland	CLEVOH62	Ameritech	CLEVELAND	OH
Cleveland	CLEVOH63	Ameritech	CLEVELAND	OH
Cleveland	CLEVOH64	Ameritech	CLEVELAND	OH
Cleveland	CLEVOH74	Ameritech	CLEVELAND	OH
Cleveland	ECLDOH73	Ameritech	EUCLID	OH
Cleveland	INDPOH52	Ameritech	INDEPENDENCE	OH
Cleveland	MYHGOH44	Ameritech	MAYFIELD HEIGHTS	OH
Cleveland	NOLMOH77	Ameritech	NORTH OLMSTED	OH
Cleveland	RKRVOH33	Ameritech	ROCKY RIVER	OH
Cleveland	SHHGOH92	Ameritech	SHAKER HEIGHTS	OH
Cleveland	SOLNOH24	Ameritech	OLON	OH
Cleveland	WLGHOH94	Ameritech	WILLOUGHBY	OH
Cleveland	WSLKOH87	Ameritech	WESTLAKE	OH
Columbus	CLMBOH11	Ameritech	COLUMBUS	OH
Columbus	CLMBOH23	Ameritech	COLUMBUS	OH
Columbus	CLMBOH26	Ameritech	COLUMBUS	OH
Columbus	CLMBOH86	Ameritech	COLUMBUS	OH
Columbus	DBLNOH89	Ameritech	DUBLIN	OH
Columbus	LNC SOH65	Ameritech	LANCASTER	OH
Columbus	UPAROH45	Ameritech	UPPER ARLINGTON	OH
Columbus	WEVLOH88	Ameritech	WESTERVILLE	OH
Columbus	WOTNOH88	Ameritech	WORTHINGTON	OH
Dallas	ALLNTXSA	SWB	Allen	TX
Dallas	DLLSTXAD	SWB	ADDISION	TX
Dallas	DLLSTXDI	SWB	DALLAS	TX
Dallas	DLLSTXDV	SWB	DUNCANVILLE	TX
Dallas	DLLSTXEM	SWB	DALLAS	TX
Dallas	DLLSTXFB	SWB	FARMERS BRANCH	TX
Dallas	DLLSTXFL	SWB	DALLAS	TX
Dallas	DLLSTXLA	SWB	DALLAS	TX
Dallas	DLLSTXMC	SWB	GRAND PRAIRIE	TX
Dallas	DLLSTXME	SWB	DALLAS	TX
Dallas	DLLSTXMS	SWB	MESQUITE	TX
Dallas	DLLSTXNM	SWB	MESQUITE	TX
Dallas	DLLSTXNO	SWB	IRVING	TX

Dallas	DLLSTXRE	SWB	RENNER	TX
Dallas	DLLSTXRI	SWB	DALLAS	TX
Dallas	DLLSTXRN	SWB	RICHARDSON	TX
Dallas	DLLSTXRO	SWB	DALLAS	TX
Dallas	DLLSTXTA	SWB	DALLAS	TX
Dallas	FRSCTXES	SWB	FRISCO	TX
Dallas	FTWOTXAR	SWB	ARLINGTON	TX
Dallas	FTWOTXAT	SWB	FORT WORTH	TX
Dallas	FTWOTXAX	SWB	WEDGWOOD	TX
Dallas	FTWOTXBU	SWB	RICHLAND HILLS	TX
Dallas	FTWOTXCE	SWB	SAGINAW	TX
Dallas	FTWOTXCR	SWB	ARLINGTON	TX
Dallas	FTWOTXED	SWB	FORT WORTH	TX
Dallas	FTWOTXEU	SWB	EULESS	TX
Dallas	FTWOTXMA	SWB	FORT WORTH	TX
Dallas	FTWOTXPE	SWB	FORT WORTH	TX
Dallas	FTWOTXTE	SWB	FORT WORTH	TX
Dallas	GRLDTXXA	Verizon/GTE	GARLAND	TX
Dallas	GRPVTXA	Verizon/GTE	GRAPEVINE	TX
Dallas	MCKNTXLI	SWB	MCKINNEY	TX
Dallas	PLANTXXA	Verizon/GTE	PLANO	TX
Dallas	PLANTXXB	Verizon/GTE	PLANO	TX
Dallas	PLANTXXK	Verizon/GTE	PLANO	TX
Denver	AURRCOMA	Qwest	AURORA	CO
Denver	BLDRCOMA	Qwest	BOULDER	CO
Denver	DNVRCOCH	Qwest	DENVER	CO
Denver	DNVRCOCL	Qwest	LITTLETON	CO
Denver	DNVRCOCP	Qwest	DENVER	CO
Denver	DNVRCOCW	Qwest	LOUISVILLE	CO
Denver	DNVRCODC	Qwest	DENVER	CO
Denver	DNVRCOEA	Qwest	DENVER	CO
Denver	DNVRCOMA	Qwest	DENVER	CO
Denver	DNVRCONE	Qwest	DENVER	CO
Denver	DNVRCONO	Qwest	DENVER	CO
Denver	DNVRCOSE	Qwest	DENVER	CO
Denver	DNVRCOSH	Qwest	DENVER	CO
Denver	DNVRCOSL	Qwest	DENVER	CO
Denver	DNVRCOSO	Qwest	DENVER	CO
Denver	DNVRCOSW	Qwest	DENVER	CO
Denver	ENWDCOAB	Qwest	ENGLEWOOD	CO
Denver	ENWDCOMA	Qwest	ENGLEWOOD	CO
Denver	GLDNCOMA	Qwest	GOLDEN	CO
Denver	LNMTCOMA	Qwest	LONGMONT	CO
Denver	LTTNCOHL	Qwest	LITTLETON	CO
Denver	LTTNCOMA	Qwest	LITTLETON	CO
Denver	NGLNCOMA	Qwest	NORTHGLENN	CO
Denver	PRKRCOMA	Qwest	PARKER	CO
Detroit	ABHGMIMN	Ameritech	Auburn Heights	MI
Detroit	ANARMIMN	Ameritech	Ann Arbor	MI

Detroit	ANARMISE	Ameritech	Ann Arbor	MI
Detroit	BRHMMIMN	Ameritech	Birmingham	MI
Detroit	CKTNMIMN	Ameritech	CLARKSTON	MI
Detroit	CMRCMICM	Ameritech	COMMERCE	MI
Detroit	DRBRMIFB	Ameritech	DEARBORN	MI
Detroit	DTRTMIBL	Ameritech	DETROIT	MI
Detroit	DTRTMIRF	Ameritech	DETROIT	MI
Detroit	FMHLMIFH	Ameritech	FARMINGTON HILLS	MI
Detroit	FRTNMIMN	Ameritech	FARMINGTON	MI
Detroit	LIVNMIMN	Ameritech	LIVONIA	MI
Detroit	LIVNMINW	Ameritech	LIVONIA	MI
Detroit	MTCLMIMN	Ameritech	MOUNT CLEMENS	MI
Detroit	NRVLMIMN	Ameritech	NORTHVILLE	MI
Detroit	PLMOMIMN	Ameritech	PLYMOUTH	MI
Detroit	PNTCMIMN	Ameritech	PONTIAC	MI
Detroit	PNTCMINE	Ameritech	AUBURN HILLS	MI
Detroit	PNTCMIWS	Ameritech	PONTIAC	MI
Detroit	ROCHMIMN	Ameritech	ROCHESTER	MI
Detroit	RSVLMIMN	Ameritech	ROSEVILLE	MI
Detroit	RSVLMINR	Ameritech	ROSEVILLE	MI
Detroit	RYLOMIMN	Ameritech	ROYAL OAK	MI
Detroit	SFLDMIMN	Ameritech	SOUTHFIELD	MI
Detroit	TROYMIMN	Ameritech	TROY	MI
Detroit	TROYMISM	Ameritech	TROY	MI
Detroit	WBFDMIMN	Ameritech	WEST BLOOMFIELD	MI
Detroit	WDLKMIMN	Ameritech	WALLED LAKE	MI
Detroit	WRRNMIMN	Ameritech	WARREN	MI
Houston	HSTNTXAI	SWB	HOUSTON	TX
Houston	HSTNTXAL	SWB	HOUSTON	TX
Houston	HSTNTXAP	SWB	HOUSTON	TX
Houston	HSTNTXBR	SWB	HOUSTON	TX
Houston	HSTNTXBU	SWB	HOUSTON	TX
Houston	HSTNTXCL	SWB	HOUSTON	TX
Houston	HSTNTXFA	SWB	HOUSTON	TX
Houston	HSTNTXGR	SWB	HOUSTON	TX
Houston	HSTNTXHO	SWB	HOUSTON	TX
Houston	HSTNTXHU	SWB	HOUSTON	TX
Houston	HSTNTXJA	SWB	HOUSTON	TX
Houston	HSTNTXMI	SWB	HOUSTON	TX
Houston	HSTNTXMO	SWB	HOUSTON	TX
Houston	HSTNTXNA	SWB	HOUSTON	TX
Houston	HSTNTXOV	SWB	HOUSTON	TX
Houston	HSTNTXOX	SWB	HOUSTON	TX
Houston	HSTNTXPR	SWB	HOUSTON	TX
Houston	HSTNTXSU	SWB	HOUSTON	TX
Houston	HSTNTXUN	SWB	HOUSTON	TX
Houston	SPRNTXNO	SWB	SPRING	TX
Indianapolis	CRMLIN01	Ameritech	CARMEL	IN
Indianapolis	FSHRIN01	Ameritech	FISHERS	IN

Indianapolis	GNWDIN01	Ameritech	GREENWOOD	IN
Indianapolis	IPLSIN01	Ameritech	INDIANAPOLIS	IN
Indianapolis	IPLSIN03	Ameritech	INDIANAPOLIS	IN
Indianapolis	IPLSIN04	Ameritech	INDIANAPOLIS	IN
Indianapolis	IPLSIN06	Ameritech	INDIANAPOLIS	IN
Indianapolis	IPLSIN07	Ameritech	INDIANAPOLIS	IN
Indianapolis	IPLSIN08	Ameritech	INDIANAPOLIS	IN
Indianapolis	IPLSIN09	Ameritech	INDIANAPOLIS	IN
Indianapolis	IPLSIN21	Ameritech	INDIANAPOLIS	IN
Los Angeles	AGORCA11	PacBell	Agoura	CA
Los Angeles	BRBNCA11	PacBell	Burbank	CA
Los Angeles	BVHLCA01	PacBell	Beverly Hills	CA
Los Angeles	CLCYCA11	PacBell	CULVER CITY	CA
Los Angeles	CMTNCA01	PacBell	COMPTON	CA
Los Angeles	CNPKCA01	PacBell	CONAGO PARK	CA
Los Angeles	CORNCA11	PacBell	CORONA	CA
Los Angeles	ELSGCA12	PacBell	EL SEGUNDO	CA
Los Angeles	GLDLCA11	PacBell	GLENDALE	CA
Los Angeles	GRDNCA01	PacBell	GARDENA	CA
Los Angeles	HLWDCA01	PacBell	HOLLYWOOD	CA
Los Angeles	LNBHCAXF	Verizon/GTE	LONG BEACH	CA
Los Angeles	LNBHCAXG	Verizon/GTE	LONG BEACH	CA
Los Angeles	LNBHCAXM	Verizon/GTE	LONG BEACH	CA
Los Angeles	LSANCA01	PacBell	LOS ANGELES	CA
Los Angeles	LSANCA07	PacBell	LOS ANGELES	CA
Los Angeles	LSANCA08	PacBell	LOS ANGELES	CA
Los Angeles	LSANCA10	PacBell	LOS ANGELES	CA
Los Angeles	LSANCA11	PacBell	LOS ANGELES	CA
Los Angeles	LSANCA12	PacBell	LOS ANGELES	CA
Los Angeles	LSANCA35	PacBell	LOS ANGELES	CA
Los Angeles	NHLLCA01	PacBell	NEWHALL	CA
Los Angeles	NHWDCA02	PacBell	NORTH HOLLYWOOD	CA
Los Angeles	NORGCA11	PacBell	NORTHRIDGE	CA
Los Angeles	PDRYCAXF	Verizon/GTE	PLAYA DEL REY	CA
Los Angeles	PSDNCA11	PacBell	PASADENA	CA
Los Angeles	RESDCA01	PacBell	RESEDA	CA
Los Angeles	RVSDCA01	PacBell	RIVERSIDE	CA
Los Angeles	SHOKCA01	PacBell	SHERMAN OAKS	CA
Los Angeles	TRNCCA11	PacBell	TORRANCE	CA
Los Angeles	TRNCCAXF	Verizon/GTE	TORRANCE	CA
Los Angeles	VNNYCA02	PacBell	VAN NUYS	CA
Los Angeles	WHTRCAXH	Verizon/GTE	WHITTIER	CA
Los Angeles	WLANCA01	PacBell	WEST LOS ANGELES	CA
Los Angeles	WLANCAXF	Verizon/GTE	WEST LOS ANGELES	CA
Los Angeles	WLANCAXG	Verizon/GTE	LOS ANGELES	CA
Los Angeles	WLANCAXH	Verizon/GTE	WEST LOS ANGELES	CA
Los Angeles	WLMGCA01	PacBell	WILMINGTON	CA
Miami	FTLDFLJA	Bell South	PLANTATION	FL
Miami	FTLDFLMR	Bell South	FORT LAUDERDALE	FL

Miami	HLWDFLMA	Bell South	HOLLYWOOD	FL
Miami	HLWDFLPE	Bell South	HOLLYWOOD	FL
Miami	HLWDFLWH	Bell South	HOLLYWOOD	FL
Miami	MIAMFLAE	Bell South	CORAL GABLES	FL
Miami	MIAMFLBA	Bell South	MIAMI	FL
Miami	MIAMFLBR	Bell South	MIAMI BEACH	FL
Miami	MIAMFLCA	Bell South	MIAMI	FL
Miami	MIAMFLGR	Bell South	MIAMI	FL
Miami	MIAMFLHL	Bell South	MIAMI	FL
Miami	MIAMFLPB	Bell South	MIAMI	FL
Miami	MIAMFLPL	Bell South	MIAMI	FL
Miami	MIAMFLRR	Bell South	MIAMI	FL
Miami	MIAMFLSO	Bell South	MIAMI	FL
Miami	PMBHFLCS	Bell South	POMPANO BEACH	FL
Miami	PMBHFLMA	Bell South	POMPANO BEACH	FL
Miami	PRRNFLMA	Bell South	PERRINE	FL
Milwaukee	MILWWI12	Ameritech	MILWAUKEE	WI
Milwaukee	MILWWI13	Ameritech	MILWAUKEE	WI
Milwaukee	MILWWI22	Ameritech	MILWAUKEE	WI
Milwaukee	MILWWI30	Ameritech	MILWAUKEE	WI
Milwaukee	MILWWI42	Ameritech	MILWAUKEE	WI
Milwaukee	MILWWI45	Ameritech	BROOKFIELD	WI
Milwaukee	WKSHWI47	Ameritech	WAUKESHA	WI
Minneapolis	ANOKMNAN	Qwest	ANOKA	MN
Minneapolis	BLANMNBL	Qwest	BLAINE	MN
Minneapolis	BLTNMNNO	Qwest	BLOOMINGTON	MN
Minneapolis	EDPRMNEP	Qwest	EDEN PRAIRIE	MN
Minneapolis	GLVYMNOR	Qwest	GOLDEN VALLEY	MN
Minneapolis	MPLSMNBE	Qwest	MINNEAPOLIS	MN
Minneapolis	MPLSMNDT	Qwest	MINNEAPOLIS	MN
Minneapolis	PLMOMNFE	Qwest	PLYMOUTH	MN
Minneapolis	WYZTMNWA	Qwest	WAYZATA	MN
New York	BNTNJBN	Verizon/BA	BOONTON	NJ
New York	BRWDNYBW	Verizon/BA	Brentwood	NY
New York	CFTNNJCF	Verizon/BA	CLIFTON	NJ
New York	CNFRNJCR	Verizon/BA	CRANFORD	NJ
New York	DBFYNYDF	Verizon/BA	DOBBS FERRY	NY
New York	DNVLNJRK	Verizon/BA	DENVILLE	NJ
New York	DOVRNJDO	Verizon/BA	DOVER	NJ
New York	DRPKNYDP	Verizon/BA	DEERPARK	NY
New York	DUMTNJDM	Verizon/BA	DUMONT	NJ
New York	EATNNJEA	Verizon/BA	EATONTOWN	NJ
New York	ELZBNJEL	Verizon/BA	ELIZABETH	NJ
New York	FLPKNYFP	Verizon/BA	FLORAL PARK	NY
New York	FNPKNJFP	Verizon/BA	FRANKLIN PARK -	NJ
New York	FRDLNYFM	Verizon/BA	Farmingdale	NY
New York	FRFDNJFA	Verizon/BA	FAIRFIELD -ESSE	NJ
New York	FRHDNJFH	Verizon/BA	FREEHOLD	NJ
New York	FTLENJLE	Verizon/BA	FORT LEE	NJ

New York	GNBGNYFV	Verizon/BA	FAIRVIEW PARK	NY
New York	GNWCCTGN	Verizon/BA	GREENWICH	CT
New York	GRCYNYGC	Verizon/BA	Garden City	NY
New York	GRNKNYGN	Verizon/BA	Great Neck	NY
New York	HCKNNJHK	Verizon/BA	HACKENSACK	NJ
New York	HCVLNYHV	Verizon/BA	Hicksville	NY
New York	HITNNJHI	Verizon/BA	HIGHTSTOWN	NJ
New York	HLDLNJWE	Verizon/BA	HILLSDALE -BERG	NJ
New York	HNSTNYHU	Verizon/BA	Huntington Stat	NY
New York	HRSNNYHN	Verizon/BA	HARRISON	NY
New York	JRCYNJBR	Verizon/BA	JERSEY CITY	NJ
New York	JRCYNJJO	Verizon/BA	JERSEY CITY	NJ
New York	KYPTNJKY	Verizon/BA	KEYPORT	NJ
New York	LTFYNJLF	Verizon/BA	LITTLE FERRY	NJ
New York	LVTTNNJLI	Verizon/BA	LIVINGSTON	NJ
New York	LYBRNYLB	Verizon/BA	Lynbrook	NY
New York	MCVLNJMC	Verizon/BA	MERCERVILLE	NJ
New York	MDSNNJMA	Verizon/BA	MADISON	NJ
New York	MGTNNJMI	Verizon/BA	MILLINGTON	NJ
New York	MINLNYMI	Verizon/BA	MINEOLA	NY
New York	MLBNNJMB	Verizon/BA	MILLBURN	NJ
New York	MMRNNYMA	Verizon/BA	MAMARONECK	NY
New York	MRTWNJMR	Verizon/BA	MORRISTOWN	NJ
New York	MTCLNJMC	Verizon/BA	MONTCLAIR	NJ
New York	MTKSNYMK	Verizon/BA	MOUNT KISCO	NY
New York	MTVRNYMV	Verizon/BA	MOUNT VERNON	NY
New York	MTVWNJMV	Verizon/BA	MOUNTAIN VIEW	NJ
New York	NBRGNJNB	Verizon/BA	NORTH BERGEN	NJ
New York	NWRCNYNR	Verizon/BA	NEW ROCHELLE	NY
New York	NWRKNJ02	Verizon/BA	NEWARK	NJ
New York	NWRKNJIR	Verizon/BA	NEWARK	NJ
New York	NYACNYNK	Verizon/BA	NYACK	NY
New York	NYCKNY71	Verizon/BA	BROOKLYN	NY
New York	NYCKNY77	Verizon/BA	BROOKLYN	NY
New York	NYCKNYAY	Verizon/BA	BROOKLYN	NY
New York	NYCKNYBR	Verizon/BA	BOOKLYN	NY
New York	NYCKNYFA	Verizon/BA	BROOKLYN	NY
New York	NYCKNYFT	Verizon/BA	BROOKLYN	NY
New York	NYCKNYKP	Verizon/BA	BROOKLYN	NY
New York	NYCKNYTY	Verizon/BA	BROOKLYN	NY
New York	NYCKNYWM	Verizon/BA	BROOKLYN	NY
New York	NYCMNY13	Verizon/BA	New York	NY
New York	NYCMNY18	Verizon/BA	New York	NY
New York	NYCMNY30	Verizon/BA	New York	NY
New York	NYCMNY36	Verizon/BA	New York	NY
New York	NYCMNY37	Verizon/BA	New York	NY
New York	NYCMNY42	Verizon/BA	New York	NY
New York	NYCMNY50	Verizon/BA	New York	NY
New York	NYCMNY56	Verizon/BA	New York	NY

New York	NYCMNY73	Verizon/BA	New York	NY
New York	NYCMNY79	Verizon/BA	New York	NY
New York	NYCMNY97	Verizon/BA	MANHATTAN	NY
New York	NYCMNYBS	Verizon/BA	New York	NY
New York	NYCMNYMN	Verizon/BA	MANHATTAN	NY
New York	NYCMNYVS	Verizon/BA	New York	NY
New York	NYCMNYWA	Verizon/BA	MANHATTAN	NY
New York	NYCMNYWS	Verizon/BA	New York	NY
New York	NYCQNYFH	Verizon/BA	QUEENS	NY
New York	NYCQNYFL	Verizon/BA	QUEENS	NY
New York	NYCQNYJA	Verizon/BA	QUEENS	NY
New York	NYCQNYLI	Verizon/BA	Queens	NY
New York	NYCQNYNW	Verizon/BA	QUEENS	NY
New York	NYCRNYNS	Verizon/BA	STATEN ISLAND	NY
New York	OSNGNYOS	Verizon/BA	OSSINING	NY
New York	PGHKNYSH	Verizon/BA	POUGHKEEPSIE	NY
New York	PKSKNYPS	Verizon/BA	PEEKSKILL	NY
New York	PLFDNJPF	Verizon/BA	PLAINFIELD	NJ
New York	PRRVNYNP	Verizon/BA	PEARL RIVER	NY
New York	PRTNJPC	Verizon/BA	PRINCETON	NJ
New York	PSSCNJPS	Verizon/BA	PASSAIC	NJ
New York	PSVLNYPV	Verizon/BA	PLEASANTVILLE	NY
New York	PTCHNYPC	Verizon/BA	PORTCHESTER	NY
New York	PTSNNJAR	Verizon/BA	PATERSON	NJ
New York	RCPKNJ02	Verizon/BA	ROCHELLE PARK	NJ
New York	RDBKNJRB	Verizon/BA	RED BANK	NJ
New York	RGWDNJRW	Verizon/BA	RIDGEWOOD	NJ
New York	RMSYNJRM	Verizon/BA	RAMSEY	NJ
New York	RSLNNYRO	Verizon/BA	Roslyn	NY
New York	RTFRNJRU	Verizon/BA	RUTHERFORD	NJ
New York	RYEENRY	Verizon/BA	RYE	NY
New York	SMMTNJSM	Verizon/BA	SUMMIT	NJ
New York	SMTWNYSM	Verizon/BA	Smithtown	NY
New York	SORVNJSR	Verizon/BA	SOUTH RIVER	NJ
New York	SPLKNJSL	Verizon/BA	SPRING LAKE -MO	NJ
New York	SPVYNYSV	Verizon/BA	SPRING VALLEY	NY
New York	SYOSNYSY	Verizon/BA	Syosset	NY
New York	SYVLNYSY	Verizon/BA	Sayville	NY
New York	TKHONYTU	Verizon/BA	Tuchahoe	NY
New York	TRTWNYTT	Verizon/BA	TARRYTOWN WEST	NY
New York	UNINNJUV	Verizon/BA	UNION -UNION	NJ
New York	WHIPNJWH	Verizon/BA	WHIPPANY	NJ
New York	WHPLNYWP	Verizon/BA	WHITE PLAINS	NY
New York	YNKRNYYN	Verizon/BA	YONKERS	NY
No. New	BDBKNJBD	Verizon/BA	BOUND BROOK	NJ
No. New	EDSNNJED	Verizon/BA	EDISON	NJ
No. New	HKTNNJHT	Verizon/BA	HACKETTSTOWN	NJ
No. New	LKWDNJLK	Verizon/BA	LAKESWOOD	NJ
No. New	MTCHNJMT	Verizon/BA	METUCHEN	NJ

No. New	NBWKNJNB	Verizon/BA	NEW BRUNSWICK	NJ
No. New	RHWYNJRA	Verizon/BA	RAHWAY	NJ
No. New	RVEDNJOR	Verizon/BA	RIVER EDGE	NJ
No. New	SOVLNJSM	Verizon/BA	SOMERVILLE	NJ
No. New	WDBRNJWD	Verizon/BA	WOODBIDGE	NJ
Oakland	ALBYCA11	PacBell	Albany	CA
Oakland	ALMDCA11	PacBell	Alameda	CA
Oakland	ANTCCA11	PacBell	Antioch	CA
Oakland	BKLYCA01	PacBell	Berkeley	CA
Oakland	BRWDCA12	PacBell	Brentwood	CA
Oakland	BSRNCA70	PacBell	San Ramon	CA
Oakland	CNCRCA01	PacBell	CONCORD	CA
Oakland	CYTNCA11	PacBell	CLAYTON	CA
Oakland	DAVLCA12	PacBell	DANVILLE	CA
Oakland	DAVLCA13	PacBell	DANVILLE	CA
Oakland	ELSBCA11	PacBell	EL SOBRANTE	CA
Oakland	HYWRCA01	PacBell	HAYWARD	CA
Oakland	HYWRCA11	PacBell	HAYWARD	CA
Oakland	LVMRCA11	PacBell	LIVERMORE	CA
Oakland	OKLDCA03	PacBell	OAKLAND	CA
Oakland	OKLDCA04	PacBell	OAKLAND	CA
Oakland	OKLDCA11	PacBell	OAKLAND	CA
Oakland	OKLDCA12	PacBell	OAKLAND	CA
Oakland	OKLDCA13	PacBell	OAKLAND	CA
Oakland	PLTNCA12	PacBell	PLEASANTON	CA
Oakland	PLTNCA13	PacBell	PLEASANTON	CA
Oakland	SNLNCA11	PacBell	SAN LEANDRO	CA
Oakland	SNRMCA11	PacBell	SAN RAMON	CA
Oakland	UNCYCA11	PacBell	UNION CITY	CA
Oakland	VLLJCA01	PacBell	VALLEJO	CA
Oakland	WNCKCA11	PacBell	WALNUT CREEK	CA
Orange	ANHMCA01	PacBell	Anaheim	CA
Orange	ANHMCA11	PacBell	Anaheim	CA
Orange	CRDMCA11	PacBell	CORONA DEL MAR	CA
Orange	CSMSCA11	PacBell	COSTA MESA	CA
Orange	ELTRCA11	PacBell	LAKE FOREST	CA
Orange	FUTNCA01	PacBell	FULLERTON	CA
Orange	HNBHCAXF	Verizon/GTE	HUNTINGTON BEACH	CA
Orange	HNBHCAXH	Verizon/GTE	HUNTINGTON BEACH	CA
Orange	IRVNCA01	PacBell	IRVINE	CA
Orange	IRVNCA11	PacBell	IRVINE	CA
Orange	LGNGCA12	PacBell	LAGUNA NIGUEL	CA
Orange	ORNGCA11	PacBell	ORANGE	CA
Orange	ORNGCA13	PacBell	ORANGE	CA
Orange	ORNGCA14	PacBell	ORANGE	CA
Orange	PLCNCA11	PacBell	PLACENTIA	CA
Orange	SJCPCA12	PacBell	SAN JUAN CAPISTRANO	CA
Orange	SNANCA01	PacBell	SANTA ANA	CA
Orange	SNANCA11	PacBell	Santa Ana	CA

Orange	TUSTCA11	PacBell	TUSTIN	CA
Orange	WMNSCAXF	Verizon/GTE	WESTMINSTER	CA
Orange	YRLNCA11	PacBell	YORBA LINDA	CA
Philadelphia	AMBLPAAM	Verizon/BA	Ambler	PA
Philadelphia	CNSHPACN	Verizon/BA	CONSHOHOCKEN	PA
Philadelphia	DWTWPADT	Verizon/BA	DOWNTOWN	PA
Philadelphia	EDTNPAED	Verizon/BA	EDDINGTON	PA
Philadelphia	GLLDPAGN	Verizon/BA	GLENOLDEN	PA
Philadelphia	HDFDNJHD	Verizon/BA	Haddonfield	NJ
Philadelphia	MARLNJMA	Verizon/BA	MARLTON	NJ
Philadelphia	MHVLNJME	Verizon/BA	Merchantville	NJ
Philadelphia	NRTWPANR	Verizon/BA	NORRISTOWN	PA
Philadelphia	PAOLPAPA	Verizon/BA	Paoli	PA
Philadelphia	PHLAPAJE	Verizon/BA	Philadelphia	PA
Philadelphia	PHLAPALO	Verizon/BA	Philadelphia	PA
Philadelphia	PHLAPAMK	Verizon/BA	Philadelphia	PA
Philadelphia	PHLAPAMY	Verizon/BA	PHILADELPHIA	PA
Philadelphia	PHLAPAPE	Verizon/BA	Philadelphia	PA
Philadelphia	WAYNPAWY	Verizon/BA	WAYNE	PA
Philadelphia	WCHSPAWC	Verizon/BA	West Chester	PA
Phoenix	MESAAZMA	Qwest	MESA	AZ
Phoenix	PHNXAZCA	Qwest	PHOENIX	AZ
Phoenix	PHNXAZGR	Qwest	PHOENIX	AZ
Phoenix	PHNXAZMA	Qwest	PHOENIX	AZ
Phoenix	PHNXAZNE	Qwest	PHOENIX	AZ
Phoenix	PHNXAZNO	Qwest	PHOENIX	AZ
Phoenix	PHNXAZSY	Qwest	PHOENIX	AZ
Phoenix	SCDLAZMA	Qwest	SCOTTSDALE	AZ
Phoenix	SCDLAZTH	Qwest	SCOTTSDALE	AZ
Phoenix	SPRSAZWE	Qwest	SUPERSTITION	AZ
Phoenix	TEMPAZMA	Qwest	TEMPE	AZ
Phoenix	TEMPAZMC	Qwest	TEMPE	AZ
Portland	BVTNORXB	Verizon/GTE	Beaverton	OR
Portland	PTLDOR11	Qwest	PORTLAND	OR
Portland	PTLDOR13	Qwest	PORTLAND	OR
Portland	PTLDOR17	Qwest	PORTLAND	OR
Portland	PTLDOR69	Qwest	PORTLAND	OR
Raleigh	APEXNCCE	Bell South	APEX	NC
Raleigh	CARYNCCE	Bell South	CARY	NC
Raleigh	CPHLNCRO	Bell South	CHAPEL HILL	NC
Raleigh	RLGHNCGL	Bell South	RALEIGH	NC
Raleigh	RLGHNCJO	Bell South	RALEIGH	NC
Raleigh	RLGHNCMO	Bell South	RALEIGH	NC
Raleigh	RLGHNCSE	Bell South	RALEIGH	NC
Sacramento	DAVSCA11	PacBell	DAVIS	CA
Sacramento	FROKCA11	PacBell	FAIR OAKS	CA
Sacramento	SCRMCA01	PacBell	SACRAMENTO	CA
Sacramento	SCRMCA02	PacBell	SACRAMENTO	CA
Sacramento	SCRMCA11	PacBell	SACRAMENTO	CA

Sacramento	SCRMCA12	PacBell	SACRAMENTO	CA
San Antonio	SNANTXBA	SWB	SAN ANTONIO BABCOCK	TX
San Antonio	SNANTXCA	SWB	SAN ANTONIO	TX
San Antonio	SNANTXCU	SWB	SAN ANTONIO CULEBRA	TX
San Antonio	SNANTXDI	SWB	SAN ANTONIO	TX
San Antonio	SNANTXFR	SWB	BRACKEN	TX
San Antonio	SNANTXGE	SWB	SAN ANTONIO	TX
San Antonio	SNANTXPE	SWB	SAN ANTONIO	TX
San Antonio	SNANTXTA	SWB	SAN ANTONIO TAYLOR	TX
San Antonio	SNANTXWE	SWB	SAN ANTONIO	TX
San Diego	CHVSCA11	PacBell	CHULA VISTA	CA
San Diego	CRLSCA11	PacBell	CARLSBAD	CA
San Diego	CRLSCA12	PacBell	CARLSBAD	CA
San Diego	CRNDCA11	PacBell	CORONADO	CA
San Diego	DLMRCA12	PacBell	DEL MAR	CA
San Diego	ELCJCA11	PacBell	EL CAJON	CA
San Diego	ENCTCA12	PacBell	ENCINITAS	CA
San Diego	ESCNCA01	PacBell	ESCONDIDO	CA
San Diego	LAJLCA11	PacBell	LA JOLLA	CA
San Diego	LAMSCA01	PacBell	LA MESA	CA
San Diego	OCSDCA11	PacBell	OCEANSIDE	CA
San Diego	PCBHCA01	PacBell	PACIFIC BEACH	CA
San Diego	POWYCA11	PacBell	POWAY	CA
San Diego	RBRNCA11	PacBell	SAN DIEGO	CA
San Diego	RSFECA12	PacBell	RANCHO SANTA FE	CA
San Diego	SANTCA01	PacBell	SANTEE	CA
San Diego	SNDGCA01	PacBell	SAN DIEGO	CA
San Diego	SNDGCA02	PacBell	SAN DIEGO	CA
San Diego	SNDGCA03	PacBell	SAN DIEGO	CA
San Diego	SNDGCA06	PacBell	SAN DIEGO	CA
San Diego	SNDGCA11	PacBell	SAN DIEGO	CA
San Diego	SNDGCA14	PacBell	SAN DIEGO	CA
San Diego	SNDGCA15	PacBell	SAN DIEGO	CA
San Diego	SNDGCA16	PacBell	SAN DIEGO	CA
San Diego	SNMCCA11	PacBell	SAN DIEGO	CA
San Diego	VISTCA12	PacBell	SAN MARCOS	CA
San	BRLNCA01	PacBell	VISTA	CA
San	COLACA01	PacBell	Burlingame	CA
San	HMBACA12	PacBell	COLMA	CA
San	MLBRCA11	PacBell	HALF MOON BAY	CA
San	MLVYCA01	PacBell	MILLBRAE	CA
San	MNPKCA11	PacBell	MILL VALLEY	CA
San	NOVTCAF	Verizon/GTE	MENLO PARK	CA
San	PLALCA02	PacBell	NOVATO	CA
San	PLALCA12	PacBell	PALO ALTO	CA
San	PTLMCA01	PacBell	PALO ALTO	CA
San	RDCYCA01	PacBell	PETALUMA	CA
San	SNBUCA02	PacBell	REDWOOD CITY	CA
San	SNCRCA11	PacBell	SAN BRUNO	CA
			SAN CARLOS	CA

San	SNFCCA01	PacBell	SAN FRANCISCO	CA
San	SNFCCA04	PacBell	SAN FRANCISCO	CA
San	SNFCCA05	PacBell	SAN FRANCISCO	CA
San	SNFCCA06	PacBell	SAN FRANCISCO	CA
San	SNFCCA12	PacBell	SAN FRANCISCO	CA
San	SNFCCA13	PacBell	SAN FRANCISCO	CA
San	SNFCCA14	PacBell	SAN FRANCISCO	CA
San	SNFCCA21	PacBell	SAN FRANCISCO	CA
San	SNMTCA11	PacBell	SAN MATEO	CA
San	SNRFCA01	PacBell	SAN RAFAEL	CA
San	SNRFCA11	PacBell	SAN RAFAEL	CA
San	SNRSCA01	PacBell	SANTA ROSA	CA
San	SSLTCA11	PacBell	SAUSALITO	CA
San Jose	FRMTCA11	PacBell	FREMONT	CA
San Jose	FRMTCA12	PacBell	FREMONT	CA
San Jose	LSATCA11	PacBell	LOS ALTOS	CA
San Jose	LSGTCAXA	Verizon/GTE	LOS GATOS	CA
San Jose	LSGTCAXF	Verizon/GTE	LOS GATOS	CA
San Jose	MLPSCA11	PacBell	MILPITAS	CA
San Jose	MRHLCAXF	Verizon/GTE	MORGAN HILL	CA
San Jose	MTVWCA11	PacBell	MOUNTAIN VIEW	CA
San Jose	SCVYCA01	PacBell	SCOTTS VALLEY	CA
San Jose	SNCZCA01	PacBell	SANTA CRUZ	CA
San Jose	SNCZCA11	PacBell	SANTA CRUZ	CA
San Jose	SNJSCA02	PacBell	SAN JOSE	CA
San Jose	SNJSCA11	PacBell	SAN JOSE	CA
San Jose	SNJSCA12	PacBell	SAN JOSE	CA
San Jose	SNJSCA13	PacBell	SAN JOSE	CA
San Jose	SNJSCA14	PacBell	SAN JOSE	CA
San Jose	SNJSCA15	PacBell	SAN JOSE	CA
San Jose	SNJSCA18	PacBell	SAN JOSE	CA
San Jose	SNJSCA21	PacBell	SAN JOSE	CA
San Jose	SNTCCA01	PacBell	SANTA CLARA	CA
San Jose	SNTCCA11	PacBell	SANTA CLARA	CA
San Jose	SNVACA01	PacBell	SUNNYVALE	CA
San Jose	SNVACA11	PacBell	SUNNYVALE	CA
Seattle	BLLVWAGL	Qwest	BELLEVUE	WA
Seattle	BLLVWASH	Qwest	BELLEVUE	WA
Seattle	EVRTWAXC	Verizon/GTE	EVERETT	WA
Seattle	RDMDWAXA	Verizon/GTE	REDMOND	WA
Seattle	RNTNWA01	Qwest	RENTON	WA
Seattle	STTLWA01	Qwest	SEATTLE	WA
Seattle	STTLWA03	Qwest	SEATTLE	WA
Seattle	STTLWA05	Qwest	SEATTLE	WA
Seattle	STTLWADU	Qwest	SEATTLE	WA
Seattle	STTLWALA	Qwest	SEATTLE	WA
Washington,	ALXNVAAD	Verizon/BA	ALEXANDRIA	VA
Washington,	ALXNVAAX	Verizon/BA	ALEXANDRIA	VA
Washington,	ALXNVABA	Verizon/BA	ALEXANDRIA	VA

Washington, ARTNVAAR	Verizon/BA	ARLINGTON	VA
Washington, ARTNVAFC	Verizon/BA	ARLINGTON	VA
Washington, BTHSMDBD	Verizon/BA	BETHESDA	MD
Washington, BTHSMDWW	Verizon/BA	BETHESDA	MD
Washington, CHCHMDBE	Verizon/BA	CHEVY CHASE	MD
Washington, CLPKMDBW	Verizon/BA	COLLEGE PARK	MD
Washington, CNVIVACT	Verizon/BA	CENTREVILLE	VA
Washington, FLCHVAMF	Verizon/BA	FALLS CHURCH	VA
Washington, FRFXVABF	Verizon/BA	FAIRFAX	VA
Washington, FRFXVAFF	Verizon/BA	FAIRFAX	VA
Washington, GMTWMDGN	Verizon/BA	GERMANTOWN	MD
Washington, GTBGMDGB	Verizon/BA	GAITHERSBURG	MD
Washington, HRNDVAHE	Verizon/BA	HERNDON	VA
Washington, HRNDVAST	Verizon/BA	STERLING PARK (VA
Washington, MCLNVALV	Verizon/BA	MCLEAN	VA
Washington, RKVLMDMR	Verizon/BA	ROCKVILLE	MD
Washington, RKVLMDRV	Verizon/BA	ROCKVILLE	MD
Washington, RSTNVAFM	Verizon/BA	RESTON	VA
Washington, SLSPMDSS	Verizon/BA	SILVER SPRINGS	MD
Washington, SPFDVASP	Verizon/BA	SPRINGFIELD	VA
Washington, VINNVAVN	Verizon/BA	VIENNA	VA
Washington, WASHDCDN	Verizon/BA	Washington	DC
Washington, WASHDCDP	Verizon/BA	WASHINGTON	DC
Washington, WASHDCGT	Verizon/BA	WASHINGTON	DC
Washington, WASHDCLC	Verizon/BA	WASHINGTON	DC
Washington, WASHDCMO	Verizon/BA	WASHINGTON	DC
Washington, WASHDCMT	Verizon/BA	WASHINGTON	DC
Washington, WASHDCWL	Verizon/BA	WASHINGTON	DC

Exhibit C

	Vendor	Description	Estimated Cure (Note estimated cures do not reflect credits due)
NETWORK CONTRACTS			
1	Alcatel Ineternetworking, Inc 26801 W Agauna Rd Calabasas CA 91301	Software Maintenance for CO ATM switches	\$
17	Cisco Systems, Inc 170 W Tasman Drive San Jose CA 95134	Telecommunication Service Provider, Purchase, License and Software maintenance	\$
18	Cisco Systems, Inc 170 W Tasman Drive San Jose CA 95134	Advanced Network Services	\$
20	Copper Mountain Networks, Inc 10145 Pacific Heights Boulevard #100 San Diego CA 92121	Technical Support Services Agreement and Software License and Equipment Purchase	\$
36	MCI Worldcom 1801 Pennsylvania Ave NW Washington DC 20006 Copy to MCI Worldcom 10777 Sunset Office Drive #3300 St Louis MO 63127	Framework Agreement (WCOM buys Rhythms DSL)	N/A
37	MCI Worldcom 1801 Pennsylvania Ave NW Washington DC 20006 Copy to MCI Worldcom Chief Technology Counsel 1133 19th Street NW Washington DC 20036	Software License and Service Agreement (RTHM provisioning & service determination software)	N/A
38	MCI Worldcom One Tower Lane #1600 Oakbrook Terrace IL 60181 Copy to MCI Worldcom 3 Ravinia Drive Atlanta GA 30346	Network Services Agreement Dated 8/2/99	N/A
39	MFS Worldcom 6929 N Lakewood Ave Maidrop 1 2-108E Tulsa, OK 74117	Inter Connection Agreement	N/A
100	Worldcom Network Services Inc 300 Bent Street Cambridge MA 02141-2025	Collocation (Pop- Boston)	N/A

* Cure amounts relate to central office locations set forth on Exhibit B

	Vendor	Description	Estimated Cure (Note estimated cures do not reflect credits due)
3	Ameritech (SBC) ATTN Contract Processing 311 S Akard 9th Floor Dallas, TX 75202 MI	Inter Connection Agreement	\$ 248,842
5	Bell Atlantic	Line Sharing Agreement between-Rhythms Links Inc and Bell Atlantic Network Services, Inc Dated May 12, 2000	N/A
7	BellSouth Telecommunications, Inc Ms Tricia Wanner Manager 34 S 91 675 W Peachtree St , NE Atlanta, GA 30375 FL	Inter Connection Agreement	\$ 69,335
8	BellSouth Telecommunications, Inc Ms Tricia Wanner Manager 34 S 91 675 W Peachtree St , NE Atlanta, GA 30375 GA	Inter Connection Agreement	\$ 85,506
12	BellSouth Telecommunications, Inc Ms Tricia Wanner Manager 34 S 91 675 W Peachtree St , NE Atlanta, GA 30375 NC	Inter Connection Agreement	\$ 53,573
26	GTE Network Services Mr Steve J Pitterle Director - Interconnection Negotiations 600 Hidden Ridge, HQE03B65 Irving, TX 75038 CA	Inter Connection Agreement	\$ 42,770
27	GTE Network Services Ms Connie Nicholas Assistant Vice President Wholesale Markets - Interconnection 600 Hidden Ridge, HQE03B28 Irving, TX 75038 TX	Inter Connection Agreement	\$ 15,075

	Vendor	Description	Estimated Cure (Note estimated cures do not reflect credits due)
30	GTE Network Services Ms Sherril D Sebring Wholesale Markets 600 Hidden Ridge, HQE03B56 Irving, TX 75038 WA	Inter Connection Agreement	\$ 12,782
45	Qwest Corp Attn Counsel, Interconnection 1801 California St , #2410 Denver, CO 80202 AZ	Inter Connection Agreement	\$ 60,839
46	Qwest Corp ATTN Counsel, Interconnection 1801 California St , #2410 Denver, CO 80202 CO	Inter Connection Agreement	\$ 94,121
	Qwest Stipulation re Line Sharing for State of Minnesota	Line Sharing Agreement between-Rhythms Links Inc and U S West, dated December, 2000	N/A
47	Qwest Corp Attn Counsel, Interconnection 1801 California St , #2410 Denver, CO 80202 MN	Inter Connection Agreement	\$ 44,119
49	Qwest Corp ATTN Counsel, Interconnection 1801 California St , #2410 Denver, CO 80202 OR	Inter Connection Agreement	\$ 22,675
50	Qwest Corp ATTN Counsel, Interconnection 1801 California St , #2410 Denver, CO 80202 WA	Inter Connection Agreement	\$ 49,577
55	SBC (Pacific Bell) ATTN Contract Processing 311 S Akard, 9th Floor Dallas, TX 75202 CA	Inter Connection Agreement	\$ 764,070
57	SBC ATTN Contract Processing 311 S Akard, 9th Floor Dallas, TX 75202 IL Ameritech (SBC)	Inter Connection Agreement	\$ 844,795

Vendor	Description	Estimated Cure (Note estimated cures do not reflect credits due)
58 SBC ATTN Contract Processing 311 S Akard, 9th Floor Dallas, TX 75202 IN Ameritech (SBC)	Inter Connection Agreement	\$ 109,229
60 SBC ATTN Contract Processing 311 S Akard, 9th Floor Dallas, TX 75202 OH Ameritech Ohio (SBC)	Inter Connection Agreement	\$ 220,076
61 SBC ATTN Contract Processing 311 S Akard, 9th Floor Dallas, TX 75202 TX	Inter Connection Agreement	\$ 128,951
62 SBC ATTN Contract Processing 311 S Akard, 9th Floor Dallas, TX 75202 WI Ameritech (SBC)	Inter Connection Agreement	\$ 60,098
63 SBC ATTN Contract Processing 311 S Akard, 9th Floor Dallas, TX 75202	Interim Line Sharing (HFPL) Agreement between Rhythms Links Inc and Southwestern Bell Telephone Company by SBC Telecommunications, Inc (as agent) Dated June 1, 2000	N/A
86 US West	US West Communications, Inc and @Link Networks, Inc , BridgeBand Communications, Inc , CDS Networks, Inc , Contact Communications, DIECA Communications, Inc dba Covad Communications Company, Jato Communications Corp , Montana Wireless, Inc , MULTIBAND Communications, Inc , RHYTHMS LINKS INC , and Western Telephone Integrated Communications, Inc Dated April 24, 2000	N/A

	Vendor	Description	Estimated Cure (Note estimated cures do not reflect credits due)
88	Verizon Wholesale Markets Director - Contract Performance & Administration 600 Hidden Ridge, HQEWMNOTICES Irving, TX 75038 CT Bell Atlantic (Verizon) COPY TO Vice President & Associate General Counsel Verizon Wholesale Markets 1320 N Court House Rd , 8th Floor Arlington, VA 22201	Inter Connection Agreement	\$ 7,190
89	Verizon Wholesale Markets Director - Contract Performance & Administration 600 Hidden Ridge, HQEWMNOTICES Irving, TX 75038 DC Verizon Washington, DC Inc COPY TO Vice President and Associate General Counsel Verizon Wholesale Markets 1320 N Court House Rd , 8th Floor Arlington, VA 22201	Inter Connection Agreement	\$ 50,329
91	Verizon Wholesale Markets Director - Contract Performance & Administration 600 Hidden Ridge, HQEWMNOTICES Irving, TX 75038 MA BellAtlantic (Verizon) COPY TO Vice President & Associate General Counsel Verizon Wholesale Markets 1320 N Court House Rd , 8th Floor Arlington, VA 22201	Inter Connection Agreement	\$ 272,149

Vendor	Description	Estimated Cure (Note estimated cures do not reflect credits due)
Verizon Wholesale Markets Director - Contract Performance & Administration 600 Hidden Ridge, HQEWMNOTICES Irving, TX 75038 MD Verizon COPY TO Vice President & Associate General Counsel Verizon Wholesale Markets 1320 N Court House Rd , 8th Floor Arlington, VA 22201	Inter Connection Agreement	\$ 69,085
Verizon Wholesale Markets Director - Contract Performance & Administration 600 Hidden Ridge, HQEWMNOTICES Irving, TX 75038 NJ BellAtlantic (Verizon) COPY TO Vice President & Associate General Counsel Verizon Wholesale Markets 1320 N Court House Rd , 8th Floor Arlington, VA 22201	Inter Connection Agreement	\$ 313,602
Verizon Wholesale Markets Director - Contract Performance & Administration 600 Hidden Ridge, HQEWMNOTICES Irving, TX 75038 NY BellAtlantic (Verizon) COPY TO Vice President & Associate General Counsel Verizon Wholesale Markets 1320 N Court House Rd , 8th Floor Arlington, VA 22201	Inter Connection Agreement	\$ 340,768

	Vendor	Description	Estimated Cure (Note estimated cures do not reflect credits due)
96	Verizon Wholesale Markets Director - Contract Performance & Administration 600 Hidden Ridge, HQEWMNOTICES Irving, TX 75038 PA BellAtlantic (Verizon) COPY TO Vice President & Associate General Counsel Verizon Wholesale Markets 1320 N Court House Rd , 8th Floor Arlington, VA 22201	Inter Connection Agreement	\$ 89,596
99	Verizon Wholesale Markets Director - Contract Performance & Administration 600 Hidden Ridge, HQEWMNOTICES Irving, TX 75038 VA Verizon Virginia COPY TO Vice President & Associate General Counsel Verizon Wholesale Markets 1320 N Court House Rd , 8th Floor Arlington, VA 22201	Inter Connection Agreement	\$ 45,409
111	Verizon/GTE Oregon Director - Contract Performance & Administration 600 Hidden Ridge, HQEWMNOTICES Irving, TX 75038 OR	Interconnection Agreement	\$ 5,883

INFRASTRUCTURE CONTRACTS

	Vendor	Description	Estimated Cure
1	3Com 5400 Bayfront Plaza Santa Clara CA 95054	Equipment	0
2	Actuate 701 Gateway Boulevard South San Francisco CA 94080	Software	0

	Vendor	Description	Estimated Cure (Note estimated cures do not reflect credits due)
3	ADT Security Systems Southwest 452 Sable Boulevard, Ste G Aurora CO 80011 Copy to ADT Security Services, Inc VP, Legal Affairs PO Box 5035 Boca Raton FL 33431	Burglar Alarm, CCTV and Access Control	\$103,027
8	Anco PO Box 4507 Macon, GA 31208	Building Maintenance- 9100	0
9	Associated Global Systems, Inc 3333 New Hyde Park Road New Hyde Park NY 11042	Transportation and Warehousing Mgmt	250
14	Broadmargin, Inc 700 St Louis Union Station Suite 100 St Louis, MO 63103	Accounts Payable Software and Services for telco bill auditing	806
18	Cocal Landscaping 3850 East 48th Ave Denver, CO 80216	Building Maintenance- 9100	0
19	Colorado Asset Management 7332 South Alton Way, Unit M Englewood, CO 80112-2319	Building Maintenance- 9100	242
20	Communication Test Design, Inc 1373 Enterprise Drive West Chester PA 19380 Copy to Joseph Nescio D'Ambrosio, Owens & Nescio 25 S Church Street West Chester PA 19382	Staging and Installation Services	5113
23	DELL One Dell Way Round Rock TX 78682	Hardware? (Software for Oracle Desktop Licenses)	54118
24	Delta Air Lines 1030 Delta Boulevard Atlanta GA 30320	Corporate Airline Rates	0
26	Direct Answers 825 East Speer Blvd Suite 300 Denver, CO 80218	Building Maintenance- 9100	0
29	Efficient Networks, Inc 4849 Alpha Road Dallas TX 75244	DSL Equipment and Software	0
30	EMC 8000 S Chester Street Englewood CO 80112	Storage Network	0

	Vendor	Description	Estimated Cure (Note estimated cures do not reflect credits due)
35	Harris Communications 350 Twin Dolphin Drive Redwood Shores CA 94065	Software Equipment	0
38	Honeywell 304 Inverness Way S Suite 100 Englewood, CO 80112	Building Maintenance-9100	
39	IBM 3405 W Dr M L King Jr Boulevard Tampa FL 33607	Hardware and Software	8899
42	Informix Software 6300 S Syracuse Way #205 Englewood CO 80111	Software	0
43	Innotrac Corporation 6655 Sugarloaf Parkway Duluth GA 30097 Copy to David Cooper Kitchens Kelly Gaynes 11 Piedmont Center #900 Atlanta GA 30305	Provider of warehousing, packaging, distribution and fulfillment services for modems, routers and kits	33,634
44	InterVoiceBrite 17811 Waterview Parkway Dallas TX 75252	Voice messaging	0
51	Marimba 440 Clyde Avenue Mountain View CA 94043	Software	0
52	MCI 3 Ravinia Drive Atlanta GA 30346 Copy to MCI Worldcom 500 Clinton Center Drive Clinton, MS 39056	All business Telco, voice conference calls & video	0
53	MCIWorldcom 3 Ravinia Drive Atlanta GA 30346	Paging Services	0
57	Nationwide Distribution Logistics LLC 5175 Joliet Street Denver CO 80239	Warehousing CO Equipment	
58	Netopia, Inc 2470 Mariner Square Loop Alameda CA 94501	Routers	0
59	NightFire 300 Lakeside Drive #2100 Oakland CA 94612	Software	0

	Vendor	Description	Estimated Cure (Note estimated cures do not reflect credits due)
60	One Source 6101 East Evans Ave Denver, CO 80222	Building Maintenance-9100	54803
61	Oracle 20 Davis Drive Belmont CA 94002	Software	0
62	Osprey Imaging Corporation 1820 West Evans Englewood CO 80110	Bill printing	10173
63	Paradyne 8545 126th Avenue North Largo FL 33773	Equipment	0
64	Portal Software Inc 20883 Stevens Creek Boulevard Cupertino CA 95014	Software	117590
67	Qwest Communications Corporation Denver, CO 80244-0001	Telephone Services	15990
68	Remedy Corporation 5924 Stoneridge Drive Pleasanton CA 94588-2702	Software	279
69	Sagent Technology 800 W El Camino Real #300 Mountain View CA 94040	Software	0
70	Servex 1567 Fontenac Road Naperville IL 60563	CO Augment Equipment	10219
71	ServicePower Business Solutions James House, Mere Park Marlow Bucks SL7 1FJ United Kingdom	Software	0
74	Sun Microsystems, Inc 901 San Antonio Road Palo Alto CA 94303	Hardware/Software	0
78	Thyssen Elevator 6374 South Racine Circle Englewood, CO 80111	Building Maintenance-9100	0
81	United Airlines 6855 S Havana Street #520 Englewood CO 80112	Travel Discounts	
83	Versign 75 Remittance Drive #1689 Chicago IL 60675-1689	Servers	2100
84	Veritas PO Box 60000 San Francisco CA 94160-3667	Software	0

Vendor	Description	Estimated Cure (Note estimated cures do not reflect credits due)
85 Visionael Corporation 410 Cambridge Avenue Palo Alto CA 94306	Software	0
87 Waste Management 2400 West Union Ave Englewood, CO 80110	Building Maintenance-9100	463
91 Wieck Mechanical 8932 West 81st Lane Arvada, CO 80005	Building Maintenance-9100	84
92 Desktalk Software	Software licensing agreement for TREND network capacity monitoring	

PROPERTY AND EQUIPMENT LEASES

	OFFICE/COLO	ADDRESS	LANDLORD	ESTIMATED CURE
	ADJACENT CO's :			
12	SNVACA01	260 S Sunnyvale Ave , Sunnyvale, CA	Concept Marketing - Edward Rogers, 260 S Sunnyvale Ave , Suite 849, Sunnyvale, CA 94086	\$0
13	CNCRCA01	1810 Colfax St , Concord, CA	Tom Daskalos, 1216 B roadway Plaza, Walnut Creek, CA 94596	\$0
14	DLMRCA12	12625 High Bluff Dr , Delmar, CA	Silverado Group Inc , 12625 High Bluff Drive #204, San Diego, CA 92130	\$0
15	ANHMCA11	3456 "A" West Orange Avenue, Anaheim, CA 92804	Yolanda Zanchi, 16601 Nalu Circle, Huntington Beach, CA 92649	\$0
17	FRMTCA11	36640 Fremont Blvd , Fremont, CA	Robert C Chisholm, DDS, 36640 Fremont Blvd , Fremont, CA 94536	\$0
20	MTWCA11	465 Castro St , Mt View, CA	Ling and David Wong Family Ptrs , 240 6th Ave , San Francisco, CA 94118	\$0
21	ORNGCA13	2701 Orange Olive Rd , Orange, CA 92865	Estate Pyramid - Ric Quevedo, 17241 Argo Circle, Huntington Beach, CA 92647-5601	\$0
22	ORNGCA14	3745 West Chapman Ave , Anaheim, CA 92805	Holuata Chapman Office LLC - Della Gabelsberg, 17542 E 17th St # 420, Tustin, CA 92780	\$0
23	SNCRCA11	1148 San Carlos Ave , San Carlos, CA 94070	Oscar Donoian, 521 Red Arrow Trail, Palm Desert, CA 92211	\$0
24	RBRNCA11	11770 Bernardo Plaza Court, San Diego, CA 92128	Cornerstone Real Estate Advisors, 1901 Avenue of the Stars, Century City, CA 90067	\$0
25	RSFECA12	6046 El Tordo St , Rancho Santa Fe	L Byron Culver Trust - L Byron Culver, Culver and Assoc , PO Box 876, Rancho Sante Fe, CA 92067	\$0
26	CRLSCA11	3175 Harding St Carlsbad Community Church	Carlsbad Community Church - John Kaess, 3175 Harding St Carlsbad, CA 92008	\$0

	Vendor	Description	Estimated Cure (Note: estimated cures do not reflect credits due)	
27	SJCPCA12	32422 Alipaz St , San Juan Capistrano, CA	Edward/Lillian Grabowski - Edward Grabowski	\$0
29	OKLDCA03	1814 Franklin Street, Suite 820, Oakland, CA 94612	Learnington Investors Joint Venture, 1814 Franklin St , Suite 820, Oakland, CA 94612	\$0
	OFFICE SPACE:			
1	9100	9100 E Mineral Circle Englewood, CO 80112	PERA, 950 17th Street, Denver, CO 80202. (Rent payments wired to Phelps Dodge Corporation 2600 N Central Avenue Phoenix, AZ 85004-3014)	0
	EQUIPMENT LEASES:			
71	Avaya Financial Services	CIT Group, 650 CIT Drive, Livingston, New Jersey 07039	N/A	1200
64	Pitney Bowes Credit Corp- Postage Meters #4781770003	2225 American Dr Neenah, WI 54956-1005	N/A	861

Exhibit D

7-30-11

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

-----X
In re :
: Chapter 11 Case Nos.
: RHYTHMS NETCONNECTIONS INC. *et al.*, : 01- 14283 (BRL) through
: : 01- 14287 (BRL)
: Debtors. : (Jointly Administered)
: :
-----X

**ORDER PURSUANT TO SECTIONS 105(a), 363(b) AND (f), 365(a) AND 1146(c)
OF THE BANKRUPTCY CODE (A) APPROVING SALE OF SUBSTANTIALLY
ALL OF THE DEBTORS' ASSETS TO WORLDCOM, INC. (B) APPROVING
ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS**

Upon the motion dated August 1, 2001 (the "Sale Motion"), of Rhythms NetConnections Inc. and certain of its direct subsidiaries as debtors and debtors in possession (collectively, the "Debtors"), for, among other things, authorization, pursuant to sections 105(a), 363(b) and (f) and 1146(c) of title 11 of the United States Code (the "Bankruptcy Code"), to conduct an auction (the "Auction") for (i) an investment in the Debtors sufficient to conduct a stand-alone reorganization, (ii) the sale of all or substantially all of the Debtors' assets, and (iii) the sale of certain of the Debtors' assets in accordance with the terms of the form Purchase Agreement annexed to the Sale Motion, and (B) approval, pursuant to section 365(a) of the Bankruptcy Code, of the assumption and assignment of unexpired leases and executory contracts in connection therewith;

Upon this Court's order, dated August 8, 2001 (the "Procedures Order"), (i) authorizing and scheduling the Auction, (ii) approving the terms and conditions of the

Auction, including bidding protections related thereto, (iii) fixing notice procedures and approving the form of notice, and (iv) setting the date and time for the hearing on the proposed sales resulting from the Auction (the "Sale Hearing");

Upon the Supplement To Motion Of Debtors For Authority To Sell All Or Substantially All Of Their Assets And Motion For Interim Approval Of Non-Recourse Postpetition Financing Agreement And For Scheduling A Final Hearing Thereon, dated September 17, 2001 (the "Sale Supplement") in which the Debtors identified WorldCom, Inc. (the "Buyer") as the successful bidder at the Auction; and

Due notice of the Sale Motion, Auction and Sale Hearing, having been given to all parties entitled thereto in accordance with the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Procedures Order, as evidenced by the affidavits and certificates of service and publication filed with this Court (the "Affidavits"); and the Auction of the Sale Assets having been held in accordance with the Procedures Order; and the Sale Hearing having been held before this Court on September 24, 2001, at which time parties in interest were afforded an opportunity to be heard; and upon all of the proceedings had before the Court and the evidence received in connection therewith;

NOW, THEREFORE, upon the entire record of the Sale Hearing and these cases; and after due deliberation thereon; and good cause appearing therefor;

IT IS HEREBY FOUND AND DETERMINED THAT:¹

1. This Court has jurisdiction to hear and determine the Sale Motion pursuant to 28 U.S.C. §§ 157 and 1334.

¹ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Bankruptcy Rule 7052.

2. Determination of the Sale Motion is a core proceeding under 28 U.S.C. §§ 157(b) (2) (A) and (N). The statutory predicates for the relief requested herein are sections 105(a), 363(b), 364, 365(a) and 1146(c) of the Bankruptcy Code, and Bankruptcy Rules 2002, 6004, and 6006.

3. Proper, timely, adequate and sufficient notice of the Sale Motion, Sale Hearing and Auction has been provided in accordance with section 102(1) of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, and 6006 and the Procedures Order, and no other or further notice of the Sale Motion, Sale Hearing, Auction or the entry of this Order is required.

4. A reasonable opportunity to object or be heard regarding the relief requested in the Sale Motion has been afforded to all interested persons and entities, including (a) all parties who claim interests in or assert liens upon any of the Sale Assets; (b) all parties to the unexpired leases and executory contracts to be assumed by the Debtors and assigned to the Buyer; (c) the attorneys for the statutory committee of unsecured creditors (the "Committee"); (d) the Office of the United States Trustee for the Southern District of New York; (e) all appropriate federal, state and local taxing authorities; (f) all parties having participated at the Auction; and (g) all parties having filed a notice of appearance in these chapter 11 cases pursuant to Bankruptcy Rule 2002.

5. The Debtors have full corporate authority to consummate the sale (the "Sale Transaction") of substantially all of their assets (the "Sale Assets") as provided for by the Asset Purchase Agreement substantially in the form annexed to the Sale Supplement as Exhibit "A" (the "Purchase Agreement") and all other documents contemplated thereby, and no consents or approvals, other than those expressly provided

for in the Purchase Agreement (including the schedules thereto) are required for the Debtors to consummate such transactions.

6. The Sale Transaction, including without limitation the assumption and assignment of certain unexpired leases and executory contracts (the “Leases and Contracts”) reflect the exercise of the Debtors’ sound business judgment.

7. Approval of the Sale Transaction and the consummation of the transactions contemplated thereby, are in the best interests of the Debtors, their estates and parties in interest. Good and sufficient business justification for consummating the Sale Transaction pursuant to section 105(a), 363(b), 364, 365(a) and 1146(c) of the Bankruptcy Code, has been established in that, among other things:

a. The Debtors, in their sound business judgment, determined that the sale of all or substantially all of their assets is necessary to maximize the value of their estates in light of their current operating losses and inability to obtain capital to fully fund their business plan;

b. Unless a sale to the Buyer is concluded expeditiously as provided for in the Sale Motion and under the Purchase Agreement the Debtors, their estates and their creditors’ recoveries may be diminished..

8. The terms and conditions of the Purchase Agreement are fair and reasonable. The purchase price under the Purchase Agreement (the “Purchase Price”) represents the highest and best offer for the Sale Assets and is fair and reasonable.

9. The Buyer has appeared to provide adequate assurance of its future performance under the Leases and Contracts within the meaning of sections 365(b)(1)(C) and (f)(2)(B) of the Bankruptcy Code.

10. The assumption and assignment of the Leases and Contracts pursuant to the Purchase Agreement, are in the best interests of the Debtors, their estates and parties in interest.

11. The Interconnection and Collocation Agreements constitute separate and divisible contracts so that the Debtors may assume and assign such agreements on a collocation by collocation basis pursuant to section 365 of the Bankruptcy Code.

12. The Auction was conducted without collusion and in good faith. The Purchase Agreement was negotiated, proposed and entered into by the parties without collusion, in good faith, and from arm's length bargaining positions. The Buyer is a buyer in good faith of the Sale Assets and, as such, is entitled to the protections afforded thereby by section 363(m) of the Bankruptcy Code. Neither the Debtors nor the Buyer have engaged in any conduct that would cause or permit the Purchase Agreement and the transactions contemplated thereby to be avoided under section 363(n) of the Bankruptcy Code.

13. The transfer of the Sale Assets, including, but not limited to, the assignment of the Leases and Contracts to the Buyer (at Closing) pursuant to the Purchase Agreement; are or will be legal, valid and effective transfers of property or rights of or to the Sale Assets to the Buyer and (b) except as provided in the Purchase Agreement, vest or will vest the Buyer, with good title to the Sale Assets, including, without limitation, the real property assets, and Leases and Contracts free and clear of all liens, claims, interests, and encumbrances under section 363(f) of the Bankruptcy Code.

14. Except as expressly provided for in the Purchase Agreement, the Sale Transaction does not and will not subject the Buyer to any debts, liabilities, obligations,

commitments, responsibilities or claims of any kind or nature whatsoever, whether known or unknown, contingent or otherwise, existing as of the date hereof or hereafter in arising, of or against the Debtors, any affiliate of the Debtors, or any other person by reason of such transfers and assignments under the laws of the United States, any state, territory or possession applicable to such transactions.

15. All of the provisions of this Order, the Purchase Agreement and the order approving the limited recourse postpetition secured financing are nonseverable and mutually dependent.

16. The relief requested in the Sale Motion is in the best interests of the Debtors, their estates and parties in interest.

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

1. The Sale Motion be, and it hereby is, granted in its entirety.
2. All objections, if any, to the Sale Motion or the relief requested therein or the sale of the Sale Assets, including the assignment of the Leases and Contracts, to the Buyer that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are overruled on the merits.
3. The Sale Transaction and the terms and conditions and transactions contemplated by the Purchase Agreement, including, but not limited to, (i) the sale of the Sale Assets to the Buyer and (ii) the assumption by the Debtors and assignment to the Buyer of the Leases and Contracts, are hereby authorized and approved in all respects, pursuant to sections 105(a), 363(b) and 365(a) of the Bankruptcy Code.

4. Pursuant to sections 363(b) and 365(a) of the Bankruptcy Code, each of the Debtors is hereby authorized, directed and empowered to fully assume, perform under, consummate and implement the Purchase Agreement together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Purchase Agreement and the transactions contemplated thereby, and to take all further actions as may reasonably be requested by the Buyer for the purpose of assigning, transferring, granting, conveying and conferring to the Buyer or reducing to possession any or all of the Sale Assets , or as may be necessary or appropriate to the performance of the Debtors' obligations as contemplated by the Purchase Agreement.

5. Except as provided in the Purchase Agreement pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, upon the closing under the Purchase Agreement, the Sale Assets owned by the Debtors shall be transferred to the Buyer free and clear of all pledges, liens, judgments, demands, encumbrances, easements, restrictions or charges of any kind or nature if any, including, but not limited to, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership (collectively, the "Liens").

6. Except as provided in the Purchase Agreement, pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, upon the closing under the Purchase Agreement, the Sale Assets shall be transferred to the Buyer free and clear of all debts arising in any way in connection with any acts of the Debtors, claims (as defined in Section 101(5) of the Bankruptcy Code), obligations, demands, guaranties, options, rights, contractual commitments, restrictions, interests and matters of any kind and nature arising prior to the date the Sale Transaction closes (the "Closing Date") or relating to

acts occurring prior to the Closing Date, and whether imposed by agreement understanding, law, equity or otherwise (collectively, the "Claims").

7. The Debtors are hereby authorized in accordance with section 365(a) of the Bankruptcy Code, and subject to the terms of the Purchase Agreement, to (a) assign to the Buyer, and have Buyer accept such assignment and assume the Sale Assets, including each of the Leases and Contracts on Schedule 2.1(e) to the Purchase Agreement, in each case free and clear of all Liens, and (b) execute and deliver to the Buyer such documents or other instruments as may be necessary to assign and transfer to Buyer, and have Buyer assume such Sale Assets, including the Leases and Contracts.

8. Pursuant to the terms of the Purchase Agreement and consistent with the requirements of the Bankruptcy Code, the Debtors are hereby authorized and empowered to pay the cure amounts, if any, in respect of the assumption and assignment to Buyer of the Leases and Contracts being assigned to such Buyer at Closing or as soon thereafter as is practicable or as otherwise ordered by the Court.

9. The Interconnection and Collocation Agreements may be assumed and assigned at Closing to the extent set forth in the Purchase Agreement.

10. The Leases and Contracts on Schedule 2.1(e) to the Purchase Agreement shall, upon assignment to the Buyer at the closing of the Purchase Agreement, be deemed to be valid and binding and in full force and effect and enforceable in accordance with their terms, and, pursuant to section 365(k) of the Bankruptcy Code, the Debtors shall be relieved from any liability under the Leases and Contracts occurring after such assignment, including any liability for any breach thereof occurring after such assignment at Closing.

11. This Order is and shall be (a) effective as a determination that, on the Closing Date, all Liens existing as to the Sale Assets prior to the Closing Date have been unconditionally released, discharged and terminated, and that the conveyance of the Sale Assets has been effected, and (b) binding upon and 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, registrars of patents, trademarks or other intellectual property, 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 if title in or to any of the Sale Assets.

12. If any person or entity that has filed financing statements or other documents or agreements evidencing Liens on or interests in the Sale Assets shall not have delivered to the Debtors prior to the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Liens or other interests which the person or entity has with respect to the Sale Assets, the Debtors are hereby authorized to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Sale Assets.

13. This Court retains jurisdiction (i) to enforce and implement the terms and provisions of the Purchase Agreement, all amendments thereto, any waivers and consents thereunder, and of each of the agreements, documents and instruments

executed in connection therewith; (ii) to compel delivery of the Sale Assets to the Buyer; (iii) to compel delivery of the Purchase Price to the Debtors under the Purchase Agreement; (iv) to resolve any disputes, controversies or claims arising out of or relating to the Purchase Agreement; and (v) to interpret, implement and enforce the provisions of this Order.

14. In the absence of a stay pending appeal, if the Buyer elects or is required to consummate the Sale Transaction at any time after entry of this Order, then with respect to the Sale Transaction, including the assumption and assignment of the Leases and Contracts approved and authorized herein, the Buyer shall be entitled to the protections of section 363(m) of the Bankruptcy Code if this Order or any authorization contained herein is reversed or modified on appeal.

15. The terms and provisions of the Purchase Agreement, together with the terms and provisions of this Order, shall be binding in all respects upon the Debtors, the Buyer, and their respective affiliates, successors and assigns, and any affected third parties including but not limited to all nondebtor parties to the Leases and Contracts listed on Schedule 2.1(e) to the Purchase Agreement and the Assumed Liabilities to be assigned to the Buyer pursuant to the Purchase Agreement, and persons asserting a claim against or interest in the Debtors' estate or any of the Sale Assets to be sold to the Buyer pursuant to the Purchase Agreement.

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

17. The Purchase Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto in accordance with the terms thereof without further order of the Court, provided that any such modification, amendment or supplement has no material adverse effect on the Debtors' estates or their creditors.

18. The transfer of the Sale Assets to the Buyer is not subject to taxation under any state or local law imposing a stamp, transfer or similar tax in accordance with sections 1146(c) and 105(a) of the Bankruptcy Code.

19. In the event the transaction with Buyer is not consummated, Buyer ceases funding under the DIP Facility, or there is a default under the DIP Facility (which is not waived by Buyer), the contracts to be assumed and assigned to Buyer be rejected as of the date the Debtors are authorized to cease operations either by the Federal Communications Commission (either through affirmative action or through failing to object to an application within the applicable time period) or by order of the United States District Court for the Southern District of New York or some other court of competent jurisdiction.

20. The rejection of the contracts set forth on Exhibit G to the Sale Supplement shall be effective the earlier of the date the contracts assumed and assigned to Buyer are deemed rejected as set forth in this Order or the date set forth on Exhibit G to the Sale Supplement, unless the Debtors notify the counterparties to such contracts that the effective date of the rejection will be a later date.

21. Each party to an executory contract or unexpired lease shall be deemed to have received adequate assurance of performance by Buyer unless such party timely files an objection in accordance with the Procedures Order.

22. As provided by Bankruptcy Rules 7062, 6004(g) and 6006(d) this Order shall be effective and enforceable immediately upon entry.

Dated: New York, New York
September __, 2001

UNITED STATES BANKRUPTCY JUDGE

Exhibit E

CREDIT AND SECURITY AGREEMENT

This Credit and Security Agreement (this "**Agreement**") is made as of the _____ day of September, 2001, (the "**Effective Date**") between WorldCom, Inc., a Georgia corporation ("**Lender**"), and (i) Rhythms Netconnections Inc., a Delaware corporation, (ii) Rhythms Links Inc. – Virginia, a Virginia corporation, (iii) Rhythms Links Inc., a Delaware corporation, and (iv) Rhythms Leasing Inc., a Nevada corporation (referred to herein individually as "**Borrower**" and collectively as "**Borrowers**" or individually as "**Corporate Guarantor**" and collectively as "**Corporate Guarantors**," as the context requires).

In consideration of the premises and the mutual promises herein contained, the parties intending to be legally bound agree as follows:

ARTICLE I CONSTRUCTION AND DEFINED TERMS

SECTION 1.01. *Articles and Sections.* The Article and Section headings and captions in this Agreement are for convenience only and shall not affect the construction or interpretation of this Agreement. The references in this Agreement to Articles and Sections shall be read as Articles or Sections of this Agreement unless otherwise specifically provided.

SECTION 1.02. *Exhibits and Schedules.* The references in this Agreement to specific Exhibits and Schedules shall be read as references to such specific Exhibits and Schedules attached, or intended to be attached, to this Agreement and any counterpart of this Agreement and regardless of whether they are in fact attached to this Agreement, and including any amendments, supplements, and replacements thereto from time to time.

SECTION 1.03. *Credit Documents.* References in this Agreement to Credit Documents, and any of the documents that are included within the definition of Credit Documents, shall include such amendments, supplements, and replacements as may be made thereto or therefor from time to time.

SECTION 1.04. *Discretionary Consents.* Wherever a provision of this Agreement or any other Credit Document provides for Lender's consent, any such consent may be provided or withheld in Lender's sole and absolute discretion (unless otherwise expressly provided herein or in such other Credit Document), and the granting of consent in one instance shall not constitute or imply the granting of consent in any similar or other instance.

SECTION 1.05. *Accounting Terms.* Accounting terms used but not otherwise defined in this Agreement shall have the meanings provided by, and be construed in accordance with, GAAP.

SECTION 1.06. *Defined Terms.* Unless otherwise expressly stated in this Agreement, or otherwise defined in the Asset Purchase Agreement, capitalized terms used in this Agreement shall have the following meanings:

"Accounts" As defined in Section 4A.01.

"Account Debtor" A Person obligated on an Account, Chattel Paper, or General Intangible, other than a Person obligated to pay a negotiable instrument, even if the instrument constitutes part of Chattel Paper.

"Affiliate" As defined in Section 3.05.

"Applicable Law" As to any Person, all Laws applicable to such Person and all Laws applicable to any Property or activity of such Person.

"Approval Order" As defined in the Asset Purchase Agreement.

"Article 5" Article 5 of the UCC.

"Article 8" Article 8 of the UCC.

"Article 9" Article 9 of the UCC.

"Articles of Incorporation" As to any corporation, the Articles of Incorporation or Certificate of Incorporation, or similar charter document, and all amendments thereto.

"Asset Disposition" Any sale, exchange, assignment, conveyance, lease, license, transfer, or other disposition (including any transfer effected by recapitalization, merger, reorganization, share exchange, or other capital transaction) of any Collateral, including any issuance of Ownership Interest of any Borrower or any Subsidiary of any Borrower, other than in the ordinary course of business; provided, however, that it shall not include the consummation of the transactions contemplated in the Asset Purchase Agreement.

"Asset Purchase Agreement" The Asset Purchase Agreement dated as of September ____, 2001 by and among Borrowers and Lender, as it may be amended from time to time.

"Authenticate" or **"Authenticated"** or **"Authenticating"** or **"Authentication"** To sign (or to have signed), or to execute or otherwise adopt (or to have executed or otherwise adopted) a symbol, or encrypt or similarly process (or to have encrypted or similarly processed) a Record in whole or in part, with the present intent of the authenticating Person to identify the Person and adopt or accept a Record.

"Bank" As defined in Article 9, and any organization that is engaged in the business of banking, including commercial banks, savings banks, savings and loan associations, credit unions, and trust companies.

"Bankruptcy Code" The United States Bankruptcy Codes, as amended from time to time, and any successor legislation, and all rules and regulations entered, promulgated or approved thereunder.

"Bankruptcy Court" The United States Bankruptcy Court for the Southern District of New York or any other court having jurisdiction over the Chapter 11 Cases from time to time.

"Borrower Group Lien" Any Lien that (a) is held by a Borrower, (b) encumbers Property of another Borrower, and (c) secures only Indebtedness of one or more Borrowers to the Borrower that holds the Lien.

"Borrower Information" As defined in Section 3.27.

"Borrower Operating Account" Account # _____
maintained by _____ with _____.

"Budget" As defined in Section 2.12.

"Business" The provision of high speed data transmission through digital subscriber line technology in markets served by the 710 Assumed Central Office Locations and the Network Operations Center, both as identified in the Asset Purchase Agreement.

"Capital Expenditure" For any Person, expenditures (including the aggregate amount of all payments made in respect of capital lease obligations and operating lease obligations during such period) made by such Person to acquire, use, or construct fixed assets, plant or equipment (including office equipment, software, hardware and other computer equipment), or real estate and including renewals, improvements and replacements, but excluding repairs, computed in accordance with GAAP.

"Case Conversion" Any Borrower becoming the debtor in any case under Chapter 7 of the Bankruptcy Code, whether as a result of conversion of any of the Chapter 11 Cases to a case under Chapter 7 of the Bankruptcy Code, or otherwise.

"Casualty Event" With respect to any Collateral of any Person, (a) any loss or damage to, or any condemnation or other taking of, such Collateral for which such Person or any other Person receives insurance proceeds, or proceeds of a condemnation award or other compensation by judgment, award or otherwise, and (b) any loss or damage to, or condemnation or other taking of, any Collateral of any Person, not within the scope of clause (a) of this definition, if the amount of such loss, damage or taking exceeds \$20,000 in any one event or \$50,000 in the aggregate in any calendar year.

"Chapter 11 Case" Case No. 01-14283-brl, Case No. 01-14284-brl, Case No. 01-14285-brl, Case No. 01-14286-brl and Case No. 01-14287-brl, being jointly administered under Case No. 01-14283-brl under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court

and shall include any case under Chapter 11 of the Bankruptcy Code in which any Borrower is a debtor as a result of the termination of the joint administration of such Case No. 01-14283-brl.

“Chattel Paper” As defined in Section 4A.01.

“Collateral” As defined in Section 4A.01.

“Collection Collateral” Accounts, Chattel Paper, Deposit Accounts, General Intangibles, Instruments, Documents, Investment Property, Letter-of-credit rights, Commercial Tort Claims, and Supporting Obligations. Collection Collateral does not include (a) the Restricted Cash, or (b) so long as the Restricted Cash Account contains no Property other than the Restricted Cash, the Restricted Cash Account.

“Collection Collateral Debtor” Each Account Debtor with respect to any Collection Collateral that is an Account, Chattel Paper, or General Intangible, and each Person obligated to Debtor with respect to any Collection Collateral other than an Account, Chattel Paper, or General Intangible.

“Collection Costs” As defined in Section 4.10.

“Commercial Tort Claim” As defined in Article 9, and any claim arising in tort with respect to which: (a) the claimant is an organization; or (b) the claimant is an individual and the claim: (i) arose in the course of the claimant's business or profession; and (ii) does not include damages arising out of personal injury to or the death of an individual.

“Committed Amount” \$32,000,000.

“Consolidated” When used with reference to the consolidated financial statements of any Borrower, shall mean the financial statements of such Borrower and its consolidated Subsidiaries as consolidated in accordance with GAAP, after the elimination of intercompany items.

“Consolidated Subsidiaries” When used with reference to any Borrower, any Person the assets and liabilities of which are required to be consolidated with those of such Borrower in such Borrower's Consolidated financial statements in accordance with GAAP.

“Control Agreement” (a) As applicable to Collateral that is Investment Property (other than a commodity contract), “Control Agreement” means a written agreement (or other Authenticated Record), in form and substance satisfactory to Lender, between any Borrower, Lender, and the securities intermediary, that gives Lender “control” (within the meaning of Article 8 and Article 9) over such Investment Property, and which contains such additional provisions as Lender may deem necessary or appropriate for the protection of Lender's rights to such Collateral.

(b) As applicable to Collateral that is a commodity contract, "Control Agreement" means a written agreement (or other Authenticated Record), in form and substance satisfactory to Lender, between any Borrower, Lender, and the commodity intermediary, that gives Lender "control" (within the meaning of Article 9) over such commodity contract, and which contains such additional provisions as Lender may deem necessary or appropriate for the protection of Lender's rights to such Collateral.

(c) As applicable to Collateral that is a Deposit Account, "Control Agreement" means a written agreement (or other Authenticated Record), in form and substance satisfactory to Lender, between any Borrower, Lender, and the Bank with which the Deposit Account is maintained, that gives Lender "control" (within the meaning of Article 9) over such Deposit Account, and which contains such additional provisions as Lender may deem necessary or appropriate for the protection of Lender's rights to such Collateral.

"Control Consent" As applicable to Collateral that is a Letter-of-credit right, "Control Consent" means a written consent (or other Authenticated Record) in form and substance satisfactory to Lender, pursuant to which a letter of credit issuer (or any nominated person with respect to a letter of credit) consents to an assignment of the proceeds of the letter of credit, which written consent shall contain such provisions as Lender may deem necessary or appropriate for the protection of Lender's rights to such Collateral.

"Copyright" or "Copyrights" Any copyright protected under any Law, including any original works of authorship, or other Property, or rights comprised therein, that may be entitled to copyright protection under any Law.

"Credit Administration Costs" As defined in Section 4.10.

"Credit Document" or "Credit Documents" This Agreement, the Note, each Control Agreement, each Control Consent, each Loan Funding Request, and each and every other agreement of any kind, promissory note, instrument, assignment, certificate, guaranty, indemnity, bond, financing statement, exhibit, schedule, notice, request or other document, made by any Person, that evidences, secures, guarantees or otherwise relates directly or indirectly to the Loan Obligations or Lender's rights and remedies with respect thereto, or that is given to Lender to induce Lender to make, issue or extend the Loan Obligations or any thereof, or that is made to perfect (by control or otherwise) the security interests and other rights of Lender in and to the Collateral, or that is made to memorialize or escrow any Collateral, or that is made to induce Lender to make, fund, or extend loans or other financial accommodations to or for the account of Borrower, and all amendments, modifications, supplements, extensions and replacements hereof and thereof, from time to time.

"Credit Termination Date" As defined in Section 2.01.

"Deposit Accounts" As defined in Section 4A.01.

“Default” Any event, occurrence, circumstance, act, or failure to act which is or with the giving of notice and/or the passage of time would become an Event of Default.

“Documents” As defined in Section 4A.01.

“Documentary Credit” Any Letter of Credit, and to the extent not included within the term Letter of Credit, any "standby" letter of credit (as such term is defined in International Standby Practices 1998, ICC Publication No. 590), any documentary credits (as such term is defined in the Uniform Customs and Practice for Documentary Credits, 1993 Revision, ICC Publication No. 500), and any other arrangement, however named or described, whereby a bank or other Person (the "issuing bank") acting at the request and on the instructions of a customer (the "applicant") or on its own behalf (i) is to make a payment to or to the order of a third party (the "beneficiary"), or is to accept and pay bills of exchange ("drafts") drawn by the beneficiary, or (ii) authorizes another bank or other Person to effect such payment, or to accept and pay such bills of exchange ("drafts"), or (iii) authorizes another bank or other Person to negotiate, against stipulated documents, provided that the terms and conditions of the credit are complied with.

“Dollars” The lawful currency of the United States of America.

“Effective Date” The Effective Date as set forth on the first page of this Agreement.

“Environmental Claim” means with respect to any Person, any written or oral notice, claim, suit, order, information request, demand or other communication (referred to in this definition collectively as a “claim”) by any other Person alleging, asserting or relating to such Person's liability for investigatory costs, cleanup costs, governmental response costs, damages to natural resources or other Property, personal injuries, fines or penalties arising out of, based on or resulting from (i) the presence, release, or threatened release into the environment, of any Regulated Substance at any location, whether or not owned by such Person, or (ii) circumstances forming the basis of any liability or violation under any Environmental Law. Environmental Claim shall include any claim by any governmental authority or other person for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and any claim by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from the presence of Regulated Substances or arising from alleged injury or threat of injury to health, safety or the environment.

“Environmental Laws” Any Law, permit, order or judgment of any applicable federal, state, local or foreign jurisdiction relating to pollution, hazardous substances, hazardous wastes, petroleum or otherwise relating to protection of the environment, natural resources or human health, including, by way of example and not by way of limitation, the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, the Comprehensive

Environmental Response, Compensation and Liability Act ("CERCLA"), the Toxic Substances Control Act, and the Emergency Planning and Community Right-to-Know Act, all as amended.

"Equipment" As defined in Section 4A.01.

"Equity Interest" As defined in Section 3.05.

"Equity Rights" As defined in Section 3.05.

"Event of Default" An Event of Default set forth in Article VI.

"Filing Date" August 1, 2001.

"Final Order" An order of the Bankruptcy Court in form and content satisfactory to Lender authorizing the transactions contemplated by this Agreement, which order shall have been entered in the Chapter 11 Case after notice and a final hearing in accordance with Bankruptcy Rule 4001(c), the operation and effect of which order has not been reversed or modified in any respect, and which order is not the subject in any respect of a pending appeal or, if the subject in any respect of a pending appeal, is not the subject in any respect of any stay pending appeal.

"GAAP" or "generally accepted accounting principles" Generally accepted accounting principles in the United States of America as in effect from time to time as set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and the statements and pronouncements of the Financial Accounting Standards Board which are applicable to the circumstances as of the date of determination consistently applied.

"General Intangibles" As defined in Section 4A.01.

"Governmental Authority" Any executive, judicial, legislative or other branch, department, office, commission, board, bureau, agency, or instrumentality of the government of any jurisdiction, including the federal government of the United States and any foreign country, and any state, provincial, local or municipal government, and including any monetary authority, and including the Persons holding or exercising the powers, privileges, discretions, titles, offices or authorities of any thereof, and including any central bank or comparable authority or agency.

"Goods" As defined in Article 9, and all things that are movable when a security interest attaches, including (i) fixtures, (ii) standing timber that is to be cut and removed under a conveyance or contract for sale, (iii) the unborn young of animals, (iv) crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes, (v) manufactured homes, and (vi) any computer program embedded in Goods and any supporting information provided in connection with a transaction relating to the program if (A) the program is associated with the Goods in such a manner that it customarily is considered part of the Goods,

or (B) by becoming the owner of the Goods, a Person acquires a right to use the program in connection with the Goods. The term "Goods" does not include a computer program embedded in Goods that consist solely of the medium in which the program is embedded, and does not include accounts (as "account" is defined in Article 9), chattel paper (as "chattel paper" is defined in Article 9), commercial tort claims (as "commercial tort claim" is defined in Article 9), deposit accounts (as "deposit account" is defined in Article 9), documents (as "document" is defined in Article 9), general intangibles (as "general intangible" is defined in Article 9), instruments (as "instrument" is defined in Article 9), investment property (as "investment property" is defined in Article 9), letter-of-credit rights (as "letter-of-credit right" is defined in Article 9), letters of credit (as "letter of credit" is defined in Article 5), money, or oil, gas, or other minerals before extraction.

"Guarantor Obligations" As to any Corporate Guarantor, all obligations, liabilities and indebtedness of such Corporate Guarantor arising under Article IV-B of this Agreement.

"Held Items" As defined in Section 4A.01.

"Include" and **"including"** Unless otherwise expressly limited herein (and except where used in the context of "does not include," "shall not include," or "not included"), the words "include" and "including" shall be read to mean "include, without limitation," and "including, without limitation," as the case may be.

"Indebtedness" As defined in Section 3.09.

"Indebtedness for Borrowed Money" As defined in Section 3.09.

"Initial Advance Committed Amount" As defined in Section 2.01(a).

"Instruments" As defined in Section 4A.01.

"Intellectual Property" Copyrights, Patents, and Trademarks, and all rights relating to any of the foregoing, and all applications, registrations, re-applications, and re-registrations for any of the foregoing, and all amendments, reissues, renewals, or supplementations of, or substitutions or replacements for, any of the foregoing, and including any other rights or interests in any of the foregoing, and including rights to sue for past, present or future violations or infringements of any of the foregoing.

"Interest Rate" The fixed interest rate of ten percent (10%) per annum.

"Interim Order" An order of the Bankruptcy Court in form and content satisfactory to Lender authorizing the transactions contemplated by this Agreement, which order shall have been entered in the Chapter 11 Case after notice and a preliminary hearing in accordance with Bankruptcy Rule 4001(c), the operation and effect of which order has not been reversed or modified in any respect, and which order is not the subject in any respect of a

pending appeal or, if the subject in any respect of a pending appeal, is not the subject in any respect of any stay pending appeal.

"Inventory" As defined in Section 4A.01.

"Investment Property" As defined in Section 4A.01.

"Investments" As defined in Section 3.07.

"Items of Payments" All checks, drafts, cash, and other remittances of payment of, or on account of, any Accounts, Instruments, Chattel Paper, Documents, Investment Property, or General Intangibles, or received as proceeds of the sale or lease of any of Borrowers' Property or as payment for any services rendered by any Borrower to any Person.

"Law" or "Laws" At any time, all laws, statutes, regulations, ordinances, rules, codes, decrees, orders, and other directives of any federal, state, district, territorial, or local government within the United States of America (or any national, state, provincial or local government outside the United States), or any branch, department, agency or office thereof, applicable to any party to any Credit Document, or to any Property of any party to any Credit Document, or to any business, industry, or other activity in which any party to the Credit Documents may be engaged from time to time, including all Environmental Laws.

"Letter of Credit" or "Letters of Credit" As "letter of credit" is defined in Article 5.

"Letter of Credit Issuer" A Bank or other Person that issues a Letter of Credit.

"Letter-of-credit right" As defined in Article 9, and any right to payment or performance under a Letter of Credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance, excluding, however, from the definition of Letter-of-credit right, any right of a beneficiary to demand payment or performance under a Letter of Credit.

"Lien" As defined in Section 3.10.

"Loan" The loan advances made pursuant to Article II to this Agreement, including each advance thereof made under Section 2.02.

"Loan Funding Request" A written request for a loan advance of all or part of the "Initial Advance Committed Amount" (as defined in Section 2.01) or the "Subsequent Advance Committed Amount" (as defined in Section 2.01) in the form of Exhibit A, including the Schedule 1 referred to in Exhibit A, and given to Lender by Borrower in accordance with the notice provisions of this Agreement.

“Loan Obligations” The obligations, indebtedness, and liabilities of any Borrower to Lender under this Agreement, the Note, and the other Credit Documents, whether primary, secondary, contingent, direct or indirect, joint or several, or for payment or for performance, and including each Borrower's obligations to pay to Lender as and when due all principal, interest, costs and expenses (including Credit Administration Costs) evidenced by, arising under, or relating to, the Note. Without limiting the generality of the foregoing, the Loan Obligations include (i) the Loan, and (ii) all Guarantor Obligations relating to the Loan.

“Margin Stock” As defined in Section 3.16.

“Material Adverse Effect” A material adverse effect on the Business, taken as a whole, or any development which could be reasonably expected to delay or prevent the consummation of the transactions contemplated hereby or which could be reasonably expected to materially and adversely affect the value of the Assets, taken as a whole, or the rights and remedies of Lender under any Credit Documents, other than matters arising out of or because of the Chapter 11 Case.

“Maturity Date” The earlier to occur of (a) December 31, 2001, or (b) the Closing Date.

“Nominated Person” With respect to any Letter of Credit, any Person whom a Letter of Credit Issuer (a) designates or authorizes to pay, accept, negotiate, or otherwise give value under a Letter of Credit and (b) undertakes by agreement or custom and practice to reimburse.

“Necessary Permits” As defined in Section 3.02.

“Net Proceeds” means, as to any Asset Disposition, the proceeds of such Asset Disposition in form of cash or cash equivalents, including payments in respect of deferred obligations when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of: (i) brokerage commissions and other costs of disposition, if any, directly related to such Asset Disposition, excluding any such commissions paid to any affiliate of any Borrower, (ii) provisions for taxes, if any, payable as a result of such Asset Disposition without regard to the Consolidated results of operations of any Borrower or any Subsidiary of any Borrower, taken as a whole, and (iii) payments, if any, made to repay indebtedness for borrowed money that is secured by a senior lien or security interest on the Property that is the subject of the Asset Disposition.

“Note” A Promissory Note (Limited Recourse) in the form of ***Exhibit B*** attached hereto, or in such other form as may be satisfactory to Lender, executed and delivered to Lender by each Borrower to further evidence Borrowers' agreement and obligation to repay the Loan.

“Notification Event” As defined in Section 4.02.

“Obligations” All now existing and hereafter arising obligations, indebtedness, and liabilities of any Borrower to Lender of any kind, whether primary, secondary, contingent, direct or indirect, joint or several, or for payment or for performance, and including each Borrower's obligations to pay to Lender as and when due all principal, interest, costs and expenses (including all Credit Administration Costs), and fees arising from or relating to loans made, or other credits granted or created, or financial accommodations extended, by Lender to any Borrower at any time and in any amount, and including all of each Borrower's obligations, indebtedness, and liabilities to Lender for payment or performance under this Agreement, the Note and the other Credit Documents, and including any other claims or judgments that Lender may have against any Borrower at any time, and including any of the foregoing arising before, during, or after the initial or any renewal term of the Credit Documents, and including any Guarantor Obligations of any Corporate Guarantor. Without limiting the generality of the foregoing, the Obligations include the Loan and the Loan Obligations.

“Obligor” Each Borrower and each Corporate Guarantor.

“Operating Expense” or “Operating Expenses” Operating expenses related to the Business that are incurred by a Borrower in the ordinary course of its business, relate solely to the period after the date of the entry of the Interim Order and until the Closing, and are identified in the Budget in reasonable detail. If and to the extent that an operating expense relates to both (a) the Business and (b) Borrowers' other activities, only that portion of the operating expense that is reasonably allocable to the Business shall be included as an Operating Expense.

“Operating Lease” Any lease of Property other than a lease that is a capital lease obligation as determined in accordance with GAAP.

“Other Personalty” As defined in Section 4A.01.

“Ownership Interest” As to any Person, any Equity Interest or Equity Rights in such Person.

“Patent” or “Patents” Any patent issued under any Law for any invention or discovery, and any discovery of a new or useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, or other Property, that may be entitled to a patent or patent protection under any Law.

“Payment Office” Lender's office at _____, or such other location as may be designated by Lender upon written notice to Borrowers.

“Permitted Indebtedness for Borrowed Money” As defined in Section 3.09.

“Permitted Investments” As defined in Section 3.07.

“Permitted Lien” As defined in Section 3.10.

“Person” Any natural person, corporation, limited liability company, partnership, joint venture, entity, association, joint-stock company, trust or unincorporated organization and any Governmental Authority.

“Proceeds” As defined in Section 4A.01.

“Products” As defined in Section 4A.01.

“Property” Any right or interest in or to property of any kind whatsoever, whether real, personal, or mixed, and whether tangible or intangible.

“Record” and **“Records”** As defined in Article 9, and, except as used in “for record,” “of record,” “record or legal title,” and “record owner,” any information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

“Regulated Substance” or **“Regulated Substances”** Any substance, material, or waste that is regulated or listed under any Environmental Laws, and such substances, materials, or wastes include, but are not limited to, any whose release or threatened release may pose a risk to human health or the environment, and also include (a) asbestos in any form, (b) urea formaldehyde foam insulation, (c) paint containing lead, (d) transformers or other equipment that contain dielectric fluid polychlorinated biphenyls at levels of fifty (50) parts per million or more, (e) radioactive materials, and (f) petroleum or petroleum hydrocarbons in any form.

“Responsible Officer” With respect to the subject matter of any representation, warranty, covenant, agreement, obligation, notification requirement, or certificate contained in or delivered to Lender pursuant to any of the Credit Documents, the President, Chief Operating Officer, Chief Executive Officer, Chief Financial Officer, Executive Vice President or Vice President, or Secretary of any Borrower.

“Responsible Officer's Certificate” A certificate in form and substance satisfactory to Lender and signed by a Responsible Officer to the effect that no Default or Event of Default exists, or if any Default or Event of Default does exist, specifying the nature and extent thereof and what action such Borrower proposes to take with respect thereto, and which certificate shall also demonstrate compliance with the financial covenants of this Agreement.

“Restricted Cash” As defined in Section 4A.11.

“Restricted Cash Account” As defined in Section 4A.11.

“Scheduled Excluded Property” As defined in Section 4A.12.

“Subsequent Advance Committed Amount” As defined in Section 2.01(b).

“Subsidiary” As defined in Section 3.05.

“Supporting Obligation” As defined in Article 9, and any Letter-of-credit right or secondary obligation that supports the payment or performance of an Account, Chattel Paper, a Document, a General Intangible, an Instrument, or Investment Property.

“Temporary Cash Investments” As defined in Section 3.07.

“Trademark” or **“Trademarks”** Any trademark, service mark, collective mark, certification mark, or other distinctive mark, or other Property, that may be entitled to trademark protection under any Law.

“UCC” The Uniform Commercial Code, as in effect in the State of New York; provided that if and to the extent that the Uniform Commercial Code of a jurisdiction other than New York governs the perfection and the effect of perfection or nonperfection of a security interest under this Agreement, then “UCC” shall refer to the Uniform Commercial Code of such other jurisdiction to the extent applicable to the perfection and the effect of perfection or nonperfection of such security interest.

ARTICLE II CREDIT FACILITY

SECTION 2.01. *Loan.* Upon the terms and subject to the conditions of this Agreement (including, without limitation, the provisions of Section 2.12 and Section 2.13), during the period commencing on the Effective Date and ending on the last Business Day prior to the Maturity Date (such last Business Day prior to the Maturity Date being referred to herein as the **“Credit Termination Date”**), Lender agrees to make loans to Borrowers in an aggregate amount not to exceed the Committed Amount, as follows:

(a) Upon and after the entry of the Interim Order and prior to the Credit Termination Date, \$10,000,000 of the Committed Amount or such other amount of the Committed Amount as may be authorized in the Interim Order (the **“Initial Advance Committed Amount”**), shall be made available by Lender to be loaned to Borrowers in accordance with the terms of this Agreement.

(b) Upon and after the entry of the Final Order and prior to the Credit Termination Date, additional loan advances, in an aggregate amount of \$22,000,000 or such other aggregate amount as equals the difference between the Committed Amount and the Initial Advance Committed Amount (the **“Subsequent Advance Committed Amount”**), shall be made available by Lender to be loaned to Borrowers in accordance with the terms of this Agreement.

SECTION 2.02. Loan Funding Requests. From time to time on or after the Effective Date and before the Credit Termination Date, Borrowers may request loan advances of the Initial Advance Committed Amount (when available in accordance with the terms of Section 2.01(a)) and the Subsequent Advance Committed Amount (when available in accordance with the terms of Section 2.01(b)), as the case may be, in accordance with the following procedure:

(a) Each loan advance shall be requested by Borrowers giving Lender a completed and signed Loan Funding Request, in accordance with the notice procedures of this Agreement, at least three Business Days prior to the proposed date of such Loan advance.

(b) Amounts loaned to Borrowers shall be disbursed to Borrowers by wire transfer to the Borrower Operating Account.

(c) Borrowers shall not give Lender more than one Loan Funding Request during any calendar week and Lender shall not be obligated to make more than one loan advance during any calendar week.

(d) Loan advances shall not exceed the amount necessary on a weekly basis to pay Borrowers' Operating Expenses as set forth in a Budget prepared by Borrowers and approved by Lender.

SECTION 2.03. Covenant to Pay; Note. Each Borrower, severally and jointly, covenants and agrees to execute and deliver to Lender the Note immediately upon the execution and delivery of this Agreement and to repay the Loan to Lender, together with all accrued interest at the Interest Rate, and all Credit Administration Costs and fees relating thereto, without set-off, defense or counterclaim of any kind, in accordance with the terms of this Agreement, the Note and the other Credit Documents.

SECTION 2.04. Interest Payments. Upon and after the occurrence of an Event of Default, all accrued and unpaid interest on the Loan shall be due and payable on demand. In the event the Buyer acquires the Assets pursuant to the terms of the Asset Purchase Agreement, the accrued and unpaid interest as of the Closing Date shall be credited against the Purchase Price.

SECTION 2.05. Principal Payments. Subject to acceleration upon the occurrence of an Event of Default, and unless sooner paid in full in connection with the Closing, the outstanding principal balance of the Loan shall be due and payable on the Maturity Date. In the event the Buyer acquires the Assets pursuant to the terms of the Asset Purchase Agreement, the outstanding principal balance of the Loan as of the Closing Date shall be credited against the Purchase Price.

SECTION 2.06. Prepayments. Borrowers may prepay the Loan in whole or in part at any time without premium or penalty.

SECTION 2.07. Manner of Payments. All payments to be made to Lender shall be made in Dollars in immediately available funds without set-off, defense, counterclaim or

deduction of any kind, at the Payment Office on the dates specified for such payments under this Agreement, the Note or the other Credit Documents. If any payment on the Loan shall be due and payable on any day which is not a Business Day, such payment shall be deemed due on the next following Business Day and interest shall be payable at the applicable rate specified herein through such Business Day. Payments made in other than Dollars shall be accepted subject to collection.

SECTION 2.08. Application of Payments. Payments made by Borrowers to Lender shall be applied in such order as Lender may determine in Lender's discretion.

SECTION 2.09. Use of Loan Proceeds. The proceeds of the Loan shall be used solely by Borrowers to fund Borrowers' Operating Expenses that are not funded from proceeds of Collection Collateral.

SECTION 2.10. Computation of Interest. All interest shall accrue based on a 360-day year for the actual number of days outstanding.

SECTION 2.11. Intentionally omitted.

SECTION 2.12. Conditions to Initial Advance. The following are conditions precedent to the making of any advance of the Initial Advance Committed Amount and must be fulfilled to Lender's satisfaction:

(a) Lender shall have received the following:

(i) copies of resolutions of the Board of Directors (or other applicable governing body of any Borrower that is not a corporation) of each Borrower, authorizing the execution, delivery and performance of this Agreement and the other Credit Documents, and the borrowing hereunder, and such other matters as Lender may require, in form and substance satisfactory to Lender, certified by a Responsible Officer of such Borrower; and

(ii) a certificate of the Secretary or Assistant Secretary of each Borrower as to the correctness and completeness of the copy of the By-laws of such Borrower attached thereto and as to the incumbency and signatures of the officers of such Borrower who execute the Credit Documents on behalf of such Borrower; and

(iii) a copy of the Articles of Incorporation of each Borrower, certified by an officer of such Borrower as being correct and complete, together with a certificate of the appropriate officer or department of the state in which such Borrower is incorporated as to the good standing of such Borrower, with copies of the Articles of Incorporation of such Borrower on file certified by such appropriate officer or department; and

(iv) certificates of the appropriate officers or departments of the states in which each Borrower is not incorporated or formed but does business as to such

Borrower's qualification and good standing to conduct business as a foreign corporation or limited liability company, as the case may be, in such States;

(v) such additional supporting certifications and other documents as Lender may request;

(b) Lender shall have received fully executed originals of this Agreement and of each of the other Credit Documents;

(c) Lender shall have received from Borrowers a budget prepared by Borrowers' chief financial officer reasonably detailing Borrowers' anticipated cash receipts and projected accrued operating expenses for the period commencing on the date of entry of the Interim Order and ending on December 31, 2001, and setting forth the anticipated use of the proceeds of the Loan, all on a weekly and biweekly basis and satisfactory in form and substance to Lender (the "**Budget**");

(d) The Bankruptcy Court shall have entered the Interim Order;

(e) The Bankruptcy Court shall have entered the Approval Order; and

(f) Borrowers shall have given Lender a complete listing of each Borrower's Deposit Accounts and securities accounts (as "securities account" is defined in Article 8), copies of the account agreements relating to such Deposit Accounts and securities accounts, and copies of the most recent monthly or other periodic account statements for such Deposit Accounts and securities accounts.

SECTION 2.13. Conditions to All Advances. The following are conditions precedent to the making of each advance of the Initial Advance Committed Amount and each advance of the Subsequent Advance Committed Amount, and must be fulfilled to Lender's satisfaction:

(a) Borrowers shall have given Lender a properly completed and signed Loan Funding Request for the requested advance; and

(b) On and as of the date the advance is made, each representation and each warranty made in this Agreement and in any other Credit Documents shall be true, accurate, and complete in all material respects; and

(c) Borrowers shall have fulfilled in all material respects each and all of Borrowers' covenants in this Agreement and the other Credit Documents; and

(d) On and as of the date each advance is made, no Default or Event of Default shall have occurred and be continuing; and

(e) The applicable advance shall have been authorized by the Interim Order or the Final Order, as the case may be; and

(f) Borrowers shall have provided to Lender an updated Budget prepared by Borrowers' chief financial officer showing that after making the requested advance, the unadvanced portion of the Committed Amount (and assuming such unadvanced portion of the Committed Amount were to be advanced under this Agreement), together with Borrowers' other reasonably anticipated sources of funds, will provide Borrowers with sufficient working capital to operate in compliance with the requirements of the Asset Purchase Agreement until December 31, 2001; and

(g) Lender shall have a perfected first priority security interest in each Borrower's Accounts and General Intangibles; and

(h) Lender shall have a perfected first priority security interest in each Borrower's Deposit Accounts, which security interests shall have been perfected by control pursuant to a Control Agreement. The preceding sentence shall not apply to a Restricted Cash Account that is a Deposit Account so long as such Restricted Cash Account contains no Property other than the Restricted Cash; and

(i) If any Borrower has a securities account (as "securities account" is defined in Article 8), Lender shall have a perfected first priority security interest in each such securities account, which security interest shall have been perfected by control pursuant to a Control Agreement. The preceding sentence shall not apply to a Restricted Cash Account that is a securities account so long as such Restricted Cash Account contains no Property other than the Restricted Cash; and

(j) If any Borrower has a Letter-of-credit right, Lender shall have a perfected first priority security interest in each such Letter-of-credit right, which security interest shall have been perfected by control pursuant to a Control Consent; and

(k) With regard to Collateral other than Accounts, General Intangibles, Deposit Accounts, securities accounts, or Letter-of-credit rights within the scope of clauses (g), (h), (i), and (j) of this Section, Lender shall have either (1) a perfected first priority Lien upon such Collateral pursuant to Section 364(c)(2) of the Bankruptcy Code, or (2) if such Collateral is subject to (x) a valid and perfected Permitted Lien in existence on the Filing Date or (y) valid Liens in existence on the Filing Date that are perfected subsequent to the Filing Date as permitted by Section 546(b) of the Bankruptcy Code, a perfected Lien pursuant to Section 364(c)(3) of the Bankruptcy Code; and

(l) The aggregate amount of Indebtedness secured by Permitted Liens (other than Borrower Group Liens) on any Collateral shall not exceed \$250,000;

(m) All Borrower Group Liens on any Property that is Collateral shall be subordinate to the Lender's security interest in the Collateral.

SECTION 2.14. *Designation of Agent and Attorney-in-Fact.* Each Borrower that is a party to any Credit Document hereby irrevocably appoints Rhythms as the agent and attorney-in-fact for such Borrower with full power and authority to act on behalf of such Borrower in all respects with respect to any actions, waivers, consents, payments, receipts, or notices, whether or not required under this Agreement or the other Credit Documents, or as Rhythms may engage in, provide, give or take in its sole and unfettered discretion. Each such Borrower agrees that all actions taken, waivers or consents provided, payments made or received, or notices given or received, by Lender, in each case by or to Rhythms, shall be effective as to such Borrower regardless of whether such action, waiver, consent or notice was taken or approved by, or given or received by, any Person other than Rhythms. In all respects and circumstances Lender is entitled to rely without limitation on any and all actions, waivers, consents, and notices of Rhythms as actions, waivers, consents or notices of each Borrower, including any and all agreements to modify or amend in any respect, or grant any waiver or consent under, or to give or receive any notice with respect to, this Agreement or any other Credit Documents, and Lender is under no expectation or obligation whatsoever to inquire as to whether any such action or waiver was approved or ratified by, or notice given or received by, any such Borrower, and may act as if any such action, waiver, consent, or notice was engaged in, provided, taken, given or received by each such Borrower. In this respect, absent prior written notice to the contrary with respect to a specified matter, it is agreed that, in each and every circumstance insofar as Lender is concerned, any action taken, waiver or consent given, or notice given or received by, Rhythms, shall be deemed taken, given or received by, each such Borrower even absent an express indication that such action is taken, such waiver or consent is given, or such notice is given or received by any such Borrower other than Rhythms.

SECTION 2.15. *Default.* Notwithstanding anything to the contrary set forth in this Agreement or any other Credit Document, upon and after the occurrence of a Default Lender shall have no obligation to make any loan advances to Borrower under this Agreement; provided however, upon and after the occurrence of a Default, Lender may continue to make loan advances in Lender's sole and absolute discretion.

ARTICLE III **REPRESENTATIONS AND WARRANTIES**

Each Borrower hereby makes the following representations and warranties to Lender (a) on and as of the Effective Date, and (b) at the time that any advance of the Initial Advance Committed Amount or the Subsequent Advance Committed Amount is made, and Lender shall be entitled to rely upon the truth, accuracy, and completeness of the following representations and warranties without regard to any other information that may be now or hereafter known by or disclosed to Lender or any of Lender's shareholders, directors, officers, employees, agents, attorneys or other advisors:

SECTION 3.01. *Conditions.* All conditions precedent to the making of each loan advance as set forth in Article II have been satisfied in full.

SECTION 3.02. Existence. Each Borrower: (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) has all requisite corporate or limited liability company, and has all material governmental licenses, authorizations, consents and approvals, including all Necessary Permits, to own its Assets and carry on its Business as now being or as proposed to be conducted; and (c) is qualified to do business and is in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify could (either individually or in the aggregate) have a Material Adverse Effect. "Necessary Permits" means all rights, permits, easements, licenses, franchises, patents, privileges, authorizations, permissions, consents, agreements, or approvals of or issued by any Governmental Authority, or any other Person, that may be required by any Law or are otherwise necessary or advisable for the ownership or operation of the businesses and properties of any Borrower.

SECTION 3.03. Action. (a) Each Borrower shall have all necessary corporate power, authority and legal right to execute, deliver and perform Borrowers' obligations under each of the Credit Documents; (b) the execution, delivery and performance by each Borrower of each of the Credit Documents shall have been duly authorized by all necessary corporate or other action on each Borrower's part (including any required shareholder approvals); and (c) this Agreement shall have been duly and validly executed and delivered by each Borrower and constitutes, and the Note and other Credit Documents, when executed and delivered by each Borrower, will constitute, each Borrower's legal, valid and binding obligation, enforceable against each Borrower, as the case may be, in accordance with its terms.

SECTION 3.04. Approvals. Other than the entry of the Interim Order, the Approval Order, and the Final Order by the Bankruptcy Court, no authorizations, approvals or consents of, and no filings or registrations with any Governmental Authority, or any securities exchange, are necessary for the execution, delivery or performance of the Credit Documents by any Borrower or for the legality, validity or enforceability thereof, or the perfection of the security interests created in favor of Lender pursuant to this Agreement and the other Credit Documents. The borrowings hereunder, and the execution, delivery and performance of each of the Credit Documents will not (a) contravene any provision of law, any order of any court or other agency of government, or (b) contravene the Articles of Incorporation or by-laws of any Borrower, or any indenture, agreement or other instrument binding upon any Borrower, or (c) to the best knowledge of each Borrower, be in conflict with, result in the breach of or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument binding upon any Borrower, or (d) to the best knowledge of each Borrower, result in the creation or imposition of any Lien of any nature whatsoever upon any of the Collateral, except any Liens created pursuant to this Agreement and the other Credit Documents.

SECTION 3.05. Ownership. Schedule 3.05 contains a true, accurate, and complete description of the capital structure of each Borrower and each of its Subsidiaries and Affiliates, (except in the case of Rhythms, which is a publicly traded corporation), and identifies each Person who owns or holds an Equity Interest or Equity Rights in each Borrower.

“Equity Interest” means, with respect to any Person, any ownership interest in such Person, including all shares, participations, rights or other equivalents of corporate stock and all partnership and membership interests of any kind.

“Equity Rights” means, with respect to any Person, any subscriptions, options, warrants, commitments, purchase rights, preemptive rights or agreements of any kind (including any stockholders' or voting trust agreements) for the issuance, sale, registration or voting of, or securities convertible into, any additional shares of capital stock of any class, or partnership, membership or other ownership interests of any type in, such Person.

“Affiliate” means, as to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person, and including any Subsidiary of such Person. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by,” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through ownership of voting securities, by agreement or otherwise; provided that legal or beneficial ownership of ten percent (10%) or more of the voting securities (or other ownership interests other than limited partnership interests) of a Person shall in any event be deemed to be control.

“Subsidiary” means, as to any Person, (i) any corporation or limited liability company (A) that is directly or indirectly controlled by such Person or any Subsidiary of such Person or (B) if more than 10% of the voting and/or non-voting stock or other ownership shares of such corporation or limited liability company is owned by such Person or any Subsidiary of such Person, (ii) any joint venture or partnership (A) in which such Person or any Subsidiary of such Person is a general partner or (B) if more than 10% of the partnership interests in such venture or partnership are owned by such Person or any Subsidiary of such Person, (iii) any trust for the benefit of such Person or any Subsidiary of such Person, or any other organization, trust or other entity as to which such Person or any Subsidiary of such Person is in a position of management, trust, or control, and (iv) to the extent not otherwise included by the preceding clauses, any Subsidiary of any corporation, limited liability company, partnership, organization, trust or other entity described in clauses (i), (ii), or (iii).

SECTION 3.06. Intentionally omitted.

SECTION 3.07. Investments. Schedule 3.07 contains a true, accurate, and complete listing of each Investment of each Borrower. No Borrower has Investments other than Permitted Investments.

“Investments” means, with respect to any Person, (a) any Indebtedness for Borrowed Money of any other Person owed to such Person, (b) the acquisition (whether for cash, Property, services or securities or otherwise) of capital stock, bonds, notes, debentures, partnership interests or other ownership interests or other securities of any other Person or any agreement to make any such acquisition (including any “short sale” or any sale of

any securities at a time when such securities are not owned by the Person entering into such sale), (c) the making of any deposit with, or advance, loan or extension of credit to, any other Person (including the purchase of Property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such Property to such Person, but excluding trade credit extended by a Person arising from inventory sold or services provided in the ordinary course of such Person's business), or (d) the making of any guarantee of, or other contingent obligation with respect to, Indebtedness or other liability of any other Person and any amount committed to be advanced, lent or extended to such Person.

"Permitted Investments" means with respect to each Borrower (a) endorsements of negotiable instruments and similar negotiable documents in the ordinary course of such Borrower's business; (b) Temporary Cash Investments; and (c) any Investments specifically listed on Schedule 3.07 on the Effective Date.

"Temporary Cash Investments" means any Investment in (a) the direct obligations of the United States or any agency thereof, or obligations guaranteed by the United States or any agency thereof; (b) commercial paper rated at least A-1 by Standard & Poor's Corporation and P-1 by Moody's Investors Service, Inc.; (c) time deposits with, including certificates of deposits issued by, any office located in the United States of any bank or trust company which is organized under the laws of the United States or any State thereof and has capital, surplus and undivided profits aggregating at least Five hundred million Dollars (\$500,000,000) and which issues (or the parent of which issues) certificates of deposit or commercial paper with a rating described in clause (b) above; (d) money market mutual funds with a right of redemption on a daily basis and having assets of at least Five hundred million Dollars (\$500,000,000), substantially all of which assets consist of investments of a type described in the foregoing clauses; provided in each case that any Investment referred to in clauses (a) through (c) above matures within six (6) months from the day of acquisition thereof by any Borrower, and that any Investments referred to in this definition shall (i) provide for the payment of principal and interest (and not principal alone or interest alone) and (ii) are not subject to any contingency regarding the payment of principal or interest.

SECTION 3.08. Deposit Accounts. Schedule 3.08 contains a true, accurate, and complete listing of each Borrower's Deposit Accounts and securities accounts. No Property other than Restricted Cash is maintained in the Restricted Cash Account.

SECTION 3.09. Indebtedness. Schedule 3.09 contains a true, accurate, and complete listing of each Borrower's Indebtedness for Borrowed Money.

"Indebtedness" means, as applied to any Person, and as measured without duplication, all items (except items of capital stock, capital or paid-in-surplus or of retained earnings) which in accordance with GAAP, would be included in determining total liabilities as shown on the liability side of a balance sheet of such Person, including all of such Person's (i) Indebtedness for Borrowed Money, (ii) trade accounts payable, (iii) Indebtedness of another Person secured by any Lien to which any Property owned or held by such Person is

subject, whether or not the Indebtedness secured thereby shall have been assumed, and (iv) obligations under any guarantee.

“Indebtedness for Borrowed Money” means, as applied to any Person, and as measured without duplication, all of such Person's Indebtedness from (a) obligations in respect of money borrowed, and including those evidenced by bonds, debentures, notes and other debt instruments, (b) capital lease obligations, (c) Indebtedness on which interest is accrued or charged, (d) reimbursement obligations under letters of credit, liquidated, contingent or otherwise, (e) obligations of, or Indebtedness issued or assumed by, such Person, to pay the deferred purchase price or acquisition price of Property or services, and including (i) Capital Expenditures, (ii) trade accounts that are payable more than thirty (30) days after the date the respective goods are delivered or the respective services are rendered, and (iii) trade accounts payable that have been outstanding more than thirty (30) days, and (f) obligations as a guarantor, surety, or accommodation party of items of another Person that as to such other Person would constitute Indebtedness for Borrowed Money of such other Person under the preceding clauses of this definition.

“Permitted Indebtedness for Borrowed Money” means any of the following Indebtedness for Borrowed Money: (a) the Obligations, (b) any other Indebtedness for Borrowed Money specifically listed on Schedule 3.09 on the Effective Date, and (c) any other Indebtedness payable solely out of Restricted Cash.

SECTION 3.10. Liens. Each Borrower has good title to its Property free of all Liens, except for Permitted Liens and Liens which if foreclosed upon individually or in the aggregate would not have a Material Adverse Effect on the Collateral. Schedule 3.10 contains a true, accurate, and complete listing of each Lien on each Borrower's Property.

“Lien” means any security interest, security agreement, real estate mortgage, chattel mortgage, deed of trust, title retention contract, security title, factor's lien, assignment, pledge, grant or conveyance for security purposes or in settlement of debt, or other arrangement for security purposes, deed-in-lieu of foreclosure or to secure debt, transfer for other than fair consideration, judgment lien or other lien, charge or encumbrance of any kind, and including any of the foregoing arising by operation of statute or other law or the application of equitable principles, whether perfected or unperfected, avoidable or unavoidable, consensual or non-consensual.

“Permitted Lien” means (i) any Lien in favor of Lender, (ii) Borrower Group Liens that are subordinate to Lender's security interest in the Collateral, (iii) Liens for taxes which are not yet delinquent, (iv) deposits or pledges to secure obligations under worker's compensation, social security or similar laws, or under unemployment insurance in the ordinary course of business of any Borrower, (v) each Lien listed on Schedule 3.10, and (vi) if the aggregate amount of the Indebtedness secured by Liens within the scope of clauses (iii), (iv) and (v) of this definition is less than \$250,000, such other Liens, if any, as may exist on the Effective Date, provided that the aggregate amount of all Indebtedness secured by Liens within the scope

of clauses (iii), (iv), and (v) of this definition, plus aggregate amount of all Indebtedness secured by Liens under this clause (vi), shall not exceed \$250,000.

SECTION 3.11. *Insurance.* Schedule 3.11 contains a true, accurate, and complete listing of each insurance policy (including policies of worker's compensation insurance, liability insurance, casualty insurance and business interruption insurance) maintained in full force and affect by each Borrower.

SECTION 3.12. *Name, Structure.* Except as listed on Schedule 3.12, no Borrower has changed its name or organizational structure or purchased or acquired any Property from any Person other than Property which in the hands of such Person was such Person's inventory and was sold to such Borrower in the ordinary course of such Person's business.

SECTION 3.13. Intentionally omitted.

SECTION 3.14. Intentionally omitted.

SECTION 3.15. Intentionally omitted.

SECTION 3.16. *Margin Stock.* No Borrower is engaged principally, or as one of its activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock, and no part of the proceeds of any extension of credit hereunder will be used to buy or carry any Margin Stock. "Margin Stock" means margin stock within the meanings of Regulations T, U and X of the Board of Governors of the Federal Reserve System (or any successor) as the same may be modified and supplemented and in effect from time to time.

SECTION 3.17. *Tax Identification Numbers.* The tax identification number for each Borrower is listed on Schedule 3.17.

SECTION 3.18. Intentionally omitted.

SECTION 3.19. Intentionally omitted.

SECTION 3.20. *Taxes.* Each Borrower has filed and will continue to file all United States income tax returns and all state income tax returns which are required to be filed, and has paid, or made adequate provisions for the payment of, all taxes which have or may become due pursuant to said returns or pursuant to any assessment received by any Borrower except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided.

SECTION 3.21. *Investment Company Act.* No Borrower is an "investment company," or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

SECTION 3.22. Public Utility Holding Company Act. No Borrower is a "holding company" or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 3.23. Commercial Loan. The Loan made under this Agreement is made solely for a business or commercial purpose, and not for any personal, family, or household purpose. The terms of this Agreement do not violate any Laws that regulate credit, including any Laws regarding usury and the charging of interest, late charges, fees, or any costs and charges of the types included within the definition of Credit Administration Costs under this Agreement.

SECTION 3.24. Applicable Laws. To the best knowledge of each Borrower, each Borrower is in compliance, in all material respects, with all Applicable Laws.

SECTION 3.25. No Broker. The Sellers have engaged the firm of Lazard Freres & Co. LLC to assist them in connection with the matters contemplated by this Agreement and the Asset Purchase Agreement and will be solely responsible for the fees and expenses of such firm.

SECTION 3.26. Intentionally omitted.

SECTION 3.27. Borrower Information. There is no fact or circumstance or anticipated event known to any Responsible Officer that could have a Material Adverse Effect that has not been disclosed to Lender in this Agreement, the other Credit Documents, or in another writing furnished to Lender on or before the Effective Date for use in connection with the transactions contemplated by this Agreement and the other Credit Documents. The Borrower Information furnished to Lender on or before the Effective Date is true, accurate, and complete in all material respects, and does not omit any material fact or facts necessary to make the Borrower Information not misleading, and all Borrower Information furnished to Lender after the Effective Date shall be true, accurate and complete in all material respects. "**Borrower Information**" means any information furnished to Lender by or on behalf of any Borrower at any time, including all such information furnished to Lender in connection with Borrowers' application for the credits and other accommodations contemplated by this Agreement and the other Credit Documents, including any information contained in any credit or loan application, and in any financial statements, tax returns, appraisals, environmental audits, reports, correspondence, opinion letters, annexes, schedules, lists and exhibits relating to such application or otherwise relating to the matters and transactions contemplated by the Credit Documents, and including all representations and other information made to or furnished to Lender in the Credit Documents and in the Exhibits, Schedules and certificates relating thereto, and including any and all financial statements, tax returns, reports, certificates, notices, annexes, schedules, lists (including any listings or descriptions of any of Borrowers' Property) and exhibits, furnished to Lender from time to time in accordance with the terms of the Credit Documents or otherwise relating to any Borrower.

SECTION 3.28. Security Interest. The security interests created by each Borrower under Article IV-A of this Agreement shall be either:

(a) a perfected first priority Lien, pursuant to Section 364(c)(2) of the Bankruptcy Code, upon all Collateral; or

(b) a perfected Lien, pursuant to Section 364(c)(3) of the Bankruptcy Code, upon all Collateral of each Borrower that is subject to a valid and perfected Permitted Lien in existence on the Filing Date or that is subject to valid Liens in existence on the Filing Date that are perfected subsequent to the Filing Date as permitted by Section 546(b) of the Bankruptcy Code or that is subject to Permitted Liens, junior to such valid and perfected Liens.

SECTION 3.29. Chief Executive Office. Each Borrower's chief executive office (a) is located in either the State of Colorado (or the state in which the Borrower is incorporated), and (b) has not been located in any jurisdiction other the State of Colorado (or the state in which the Borrower is incorporated).

SECTION 3.30. Commercial Tort Claims. Except as listed on Schedule 4A.01(f), no Borrower has any Commercial Tort Claims.

SECTION 3.31. Letter-of-credit rights. Except as listed on Schedule 3.31, no Borrower has any Commercial Tort Claims.

ARTICLE IV **AFFIRMATIVE COVENANTS**

Each Borrower covenants and agrees that from the date hereof and until the later of the Maturity Date or payment in full of all Loan Obligations owed by each Borrower to Lender, unless Lender shall otherwise consent in writing:

SECTION 4.01. Information. Each Borrower shall deliver to Lender, or cause to be delivered to Lender, the following:

(a) Monthly Bankruptcy Trustee Reports, as filed with the U.S. Trustee's Office in the Southern District of New York, within two Business Days of the filing date of such reports;

(b) the Budget, as required under Article II;

(c) on each Wednesday of each week, weekly and bi-weekly budgets itemizing the following week's disbursements in reasonable detail;

(d) on Wednesday of each week, current cash receipts and accounts receivables aging reports;

(e) on Wednesday of each week, current accounts payable aging reports;

(f) promptly upon transmission thereof, copies of any filings and registrations with, and reports to, the Securities and Exchange Commission, or any successor agency, by any Borrower, and copies of all financial statements, proxy statements, notices and reports as such Borrower shall send to its shareholders or to the holders of any other Indebtedness of such Borrower in their capacity as holders;

(g) concurrently with each filing by each Borrower of any tax return pursuant to the taxing authority of any Governmental Authority, a photocopy of each such tax return, with all related forms, schedules, and related information; and

(h) with reasonable promptness upon any such request, such other information regarding the business, properties or financial or operating condition of any Borrower, or regarding the Collateral, as Lender may request.

SECTION 4.02. Reporting Notification Events. Immediately upon any Responsible Officer obtaining knowledge thereof, but in any event within two Business Days after any Responsible Officer obtains such knowledge, each Borrower shall give Lender written notice of each Notification Event, which written notice shall include (i) a description of the Notification Event (including an estimate of any anticipated liability or Material Adverse Effect that may arise from such Notification Event other than the occurrence of a Default or Event of Default), (ii) the date of the Notification Event and the date that the Responsible Officer first obtained knowledge of the Notification Event, and (iii) a description of the manner in which such Borrower has addressed or otherwise responded to the Notification Event or intends to address or otherwise respond to the Notification Event. "Notification Event" means any of the following events or occurrences: (a) any Default or Event of Default; or (b) any Lien upon any Collateral other than Permitted Liens; or (c) any Casualty Event; or (d) the occurrence of any event or condition which, with respect to any Borrower, gives rise to unfunded pension liabilities or similar liabilities, severance liabilities, unemployment liabilities, wage claims, or the like, in favor of any individual, entity, organization, association or group, including, without limitation, any tax authority or governmental authority, if such claims or liabilities could, individually or in the aggregate, have a Material Adverse Effect; or (e) the occurrence of any event or condition which constitutes a Default or Event of Default under any Indebtedness of any Borrower (other than the Obligations) if the acceleration of such Indebtedness as a result of such Default or Event of Default would have a Material Adverse Effect; or (f) the receipt of notice by a Responsible Officer of any Borrower, of potential liability or responsibility for the violation (or alleged violation) of any Laws, if such violation could (in view of any possible penalties, fines, liabilities, damage awards, settlement costs and expenses, and any possible equitable relief) have a Material Adverse Effect; or (g) any event or fact (or change of fact) or any circumstance (or change of circumstance) that warrants the revision of any Borrower Information in order to cause such Borrower Information to be, and to continue to be, true, accurate and complete in all material respects at all times; or (h) any change in incumbency in one or more of the following offices of any Borrower's management: President, Treasurer, Chief Financial Officer, or any other office named in the incumbency certificate given to Lender; or (i) any occurrence, that

would not be a Notification Event within the scope of the foregoing clauses of this definition of Notification Event, which has or reasonably may have a Material Adverse Effect.

SECTION 4.03. *Existence.* Each Borrower shall maintain its corporate or other legal existence, in each jurisdiction in which it is incorporated or otherwise formed, and in each jurisdiction where it is required to register or qualify to do business, except for failures to register or qualify which, individually or in the aggregate, would not have a Material Adverse Effect.

SECTION 4.04. Intentionally omitted.

SECTION 4.05. *Collateral.* Each Borrower shall maintain, preserve and protect all Collateral and keep such Collateral in good repair, working order and condition, normal wear and tear excepted, and from time to time as necessary make, or cause to be made, all repairs, renewals, and replacements thereto as necessary in order that the business carried on in connection therewith may be properly conducted at all times.

SECTION 4.06. *Insurance.* Each Borrower shall maintain in full force and effect at all times insurance (including worker's compensation insurance, liability insurance, casualty insurance and business interruption insurance) in such amounts, covering such risks and liabilities, and with such deductibles as are in accordance with normal industry practice unless higher limits or other types of coverage are required by the terms of the other Credit Documents. Each Borrower shall provide to Lender promptly upon Lender's request from time to time certificates, policies or endorsements as Lender shall require as proof of such insurance, and if such Borrower fails to do so, Lender is authorized, but not required, to obtain such insurance at the expense of Borrowers. All insurance policies shall provide for at least 30 days' prior written notice to Lender of any cancellation or reduction in coverage and Lender may act as attorney-in-fact for each Borrower in obtaining, and at any time an Event of Default exists, adjusting, settling, amending and canceling such insurance. Each Borrower shall cause Lender to be named as a loss payee and an additional insured (but without any liability for any premiums) with respect to the Collateral under all such insurance policies and shall cause such Borrower to obtain non-contributory lender's loss payable endorsements to all such insurance policies with respect to the Collateral in form and substance satisfactory to Lender. Such lender's loss payable endorsements shall specify that the proceeds of such insurance with respect to the Collateral shall be payable to Lender as its interests may appear and further specify that Lender shall be paid regardless of any act or omission by any Borrower or any other Person. All proceeds of such casualty insurance with respect to the Collateral shall be paid to Lender for application to the Obligations in accordance with the terms of this Agreement and the other Credit Documents or otherwise. Lender shall not be responsible for any failure to collect any insurance proceeds due under the terms of any policy regardless of the cause of such failure.

SECTION 4.07. *Casualty Event Proceeds.* If any Casualty Event shall occur and be covered in whole or in part by insurance, and any Borrower shall be entitled, in accordance with the terms of any insurance policy, or in accordance with any agreement with or decision of any Person other than Lender, to receive any proceeds of such Casualty Event and insurance, then, so long as no Event of Default has occurred and is continuing, such proceeds shall promptly be

applied or paid at such Borrower's election either (a) to restore or replace the Collateral so damaged or destroyed in such Casualty Event if such proceeds shall be sufficient to pay the full cost and expense of such restoration or replacement, or (b) as a prepayment on the Loan Obligations; provided, however, that upon and during the continuance of an Event of Default, such Borrower shall cause all such proceeds attributable to Collateral, immediately upon receipt by such Borrower or any other Person, to be paid to Lender to be applied at Lender's election, in Lender's discretion either (a) to restore or replace the Collateral so damaged or destroyed or (b) as a prepayment on the Loan Obligations. If any Casualty Event shall occur for which any Borrower is entitled to a condemnation award or other similar compensation, then, at Lender's election, in Lender's discretion, such Borrower shall cause any proceeds of such award or other similar compensation, immediately upon receipt by such Borrower or any other Person, to be paid to Lender to be applied as a prepayment on the Loan Obligations.

SECTION 4.08. Taxes. Each Borrower shall pay and discharge or cause to be paid and discharged promptly all taxes, assessments, and governmental charges or levies imposed upon such Borrower or upon such Borrower's income and profits, or upon any of its Collateral or any part thereof, before the same shall become in default, as well as all lawful claims for labor, materials and supplies or otherwise which, if unpaid, might become a Lien upon such Collateral or any part thereof; provided, however, that no Borrower shall be required to pay and discharge or to cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as the validity thereof shall be contested in good faith by appropriate proceedings and such Borrower shall have set aside on its books adequate reserves with respect to any such tax, assessment, charge, levy or claim, so contested.

SECTION 4.09. Compliance with Laws. Each Borrower shall comply, in all material respects, with all Applicable Laws.

SECTION 4.10. Credit Administration Costs; Brokers. Each Borrower shall pay and cause each other Borrower to pay all Credit Administration Costs promptly upon Lender's demand from time to time. Each Borrower shall indemnify and hold harmless Lender from and against any claim by any Person for a commission or finder's fee or other compensation of any kind attributable to any extensions of credit or other matters or transactions contemplated under this Agreement and the other Credit Documents, and shall pay Lender's attorney's fees, litigation expenses and court costs in defending any such claim for a commission or finder's fee other compensation.

“Collection Costs” means all costs and expenses of administering and enforcing this Agreement and the other Credit Documents, and including any and all costs and expenses of collecting the Obligations and exercising Lender's rights and remedies under the Credit Documents as against any Collateral, or as against any Borrower or other party to any Credit Documents, or any trustee, receiver or debtor-in-possession, and any and all costs and expenses incurred by Lender at any time in enforcing, defending, protecting, perfecting, and maintaining Lender's security interests and the priority thereof in any Collateral, and any other costs and expenses incurred by Lender after the occurrence of any Default, with regard to any matters relating to the Credit Documents, and regardless of whether an Event of Default shall

have been declared, any Obligations shall have been accelerated or declared due or any other remedies shall have been exercised, and including any and all such costs and expenses incurred by Lender in or relating to any bankruptcy or insolvency proceedings. Collection Costs include court costs, filing fees, attorney's fees, paralegal fees, litigation expenses of any kind, the fees and expenses of experts, consultants, accountants, engineers, appraisers, surveyors, receivers, trustees, warehousemen, and auctioneers, and the costs and expenses of repossessing, transporting, storing, maintaining, insuring, repairing, advertising, marketing, and selling any Collateral, including all applicable transfer taxes, recordation taxes, documentary stamps, and sales taxes relating to the creation or perfection of Lender's security interests in any Collateral, and all costs of inspecting, studying, testing, and monitoring the condition of any Collateral, and all costs of response, remediation, or clean-up regarding the condition of any Collateral.

“Credit Administration Costs” means all Collection Costs and any other costs and expenses (including Lender's attorney's fees and expenses) incurred by Lender from time to time relating to the preparation, modification, supplementation, review, and interpretation of the Credit Documents, or the monitoring, processing, and servicing of the Loan Obligations, or any Collateral and the transactions and other matters contemplated by the Credit Documents, and including any such costs and expenses incurred in Lender's due diligence and other preparation for the closing of the Loan.

SECTION 4.11. Review and Audit. Each Borrower shall maintain its financial books and records in accordance with GAAP. Lender shall be permitted access to all of Borrowers' books and records at any location during normal business hours and shall be permitted to take copies, at Borrowers' expense, of such books and records as Lender may request. Each Borrower shall permit and authorize Lender through any Person designated by Lender, at such times and as often as Lender may request, to visit, inspect, examine, audit and verify any of the properties, books and records of such Borrower relevant to the subject matter of this Agreement or any other Credit Documents or any Borrower Information or the financial condition of such Borrower.

SECTION 4.12. Use of Loan Proceeds. The proceeds of the Loan shall be used solely for the purpose expressly permitted in Article II.

SECTION 4.13. Intentionally omitted.

SECTION 4.14. Environmental Matters. Each Borrower shall cause all Collateral owned or operated by any Borrower to be kept free of contamination from Regulated Substances and any other harmful or physical conditions except as otherwise would be in compliance with applicable Environmental Laws. If any Borrower receives notice or becomes aware of any Environmental Claim or any violation of Environmental Laws or any contamination with Regulated Substances that relates to any of them or any Collateral, then such Borrower shall promptly provide written notice thereof to Lender and, upon written request of Lender, shall provide Lender with such reports, certificates, engineering studies or other written material or data as Lender may require so as to satisfy Lender that such Borrower is in compliance with its obligations under this Agreement.

SECTION 4.15. Intentionally omitted.

SECTION 4.16. Asset Purchase Agreement. Each Borrower shall comply with, perform, and fulfill all of such Borrower's covenants, agreements and other obligations under the Asset Purchase Agreement.

ARTICLE IV-A
ADDITIONAL SECURITY PROVISIONS

SECTION 4A.01. Security Interest. To further secure the Loan Obligations, and without limiting the legal operation and effect of any other Credit Document, each Borrower hereby collaterally assigns to Lender, and grants Lender a security interest in, all of such Borrower's now owned and hereafter acquired, created or arising Property described below, and in each case regardless of where such Property may be located and whether such Property may be in the possession of such Borrower, Lender, or a third party, and, if any of such Property may be held or stored with any third party, together with all of such Borrower's rights now owned and hereafter acquired, created or arising relating to the storage, withdrawal and retrieval thereof and access thereto (all of which Property described below and all such rights of storage, withdrawal, retrieval and access, in each case both now owned and hereafter acquired, created or arising, being referred to herein as "**Collateral**"):

(a) All of Borrower's now owned and hereafter acquired, created or arising (i) "accounts" (as "account" is defined in Article 9), (ii) rights to payment of any monetary obligation, whether or not earned by performance, (A) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (B) for services rendered or to be rendered, (C) for a policy of insurance issued or to be issued, (D) for a secondary obligation incurred or to be incurred, (E) for energy provided or to be provided, (F) for the use or hire of a vessel under a charter or other contract, (G) arising out of the use of a credit or charge card or information contained on or for use with the card, or (H) as winnings in a lottery or other game of chance operated or sponsored by a state, governmental unit of a state, or Person licensed or authorized to operate the game by a state or governmental unit of a state, (iii) health-care-insurance receivables, and (iv) rights of stoppage in transit, replevin, repossession and reclamation and other rights and remedies of an unpaid vendor, lienor or secured party, and all guaranties or other contracts of suretyship with respect to any of the foregoing property, and all deposits, letters of credit, and other security for the obligation of any Account Debtor relating in any way to any of the foregoing property, and all credit and other insurance for any of the foregoing property ("**Accounts**"). The term Accounts does not include (i) rights to payment evidenced by chattel paper or an instrument (as "chattel paper" and "instrument" are defined in Article 9), (ii) commercial tort claims (as "commercial tort claim" is defined in Article 9), (iii) deposit accounts (as "deposit account" is defined in Article 9), (iv) investment property (as "investment property" is defined in Article 9), (v) letter-of-credit rights or letters of credit (as "letter-of-credit right" and "letter of credit" are defined in Article 9 and Article 5, as the case may be), or (vi) rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card; and

(b) All of Borrower's now owned and hereafter acquired, created or arising (i) "chattel paper" (as "chattel paper" is defined in Article 9) and (ii) Records that evidence both a Monetary Obligation and a security interest in specific Goods, a security interest in specific Goods and software used in the Goods, a security interest in specific Goods and license of software used in the Goods, a lease of specific Goods, or a lease of specific Goods and license of software used in the Goods (and if a transaction is evidenced by Records that include an instrument or series of instruments, the group of Records taken together constitutes Chattel Paper) and any thereof evidenced by a Record or Records consisting of information stored in an electronic medium (as used in this clause "Monetary Obligation" means a monetary obligation secured by the Goods or owed under a lease of the Goods and includes a monetary obligation with respect to software used in the Goods); excluding, however, from the definition of Chattel Paper, (x) charters or other contracts involving the use or hire of a vessel and (y) Records that evidence a right to payment arising out of the use of a credit card or information contained on or for use with the card ("**Chattel Paper**"); and

(c) All of Borrower's now owned and hereafter acquired, created or arising (i) "deposit accounts" (as "deposit account" is defined in Article 9) and (ii) demand, time, savings, passbook, or similar accounts maintained with any Bank, and all amounts, balances, and contents therein and thereof and all of Borrower's rights under agreements relating thereto ("**Deposit Accounts**") (provided however, if the Restricted Cash Account is a Deposit Account, the Restricted Cash Account shall be excluded from the Collateral so long as the Restricted Cash Account contains no Property other than the Restricted Cash); and

(f) All of Borrower's Commercial Tort Claims now or hereafter identified on Schedule 4A.01(f) to this Agreement; and

(g) All of Borrower's now owned and hereafter acquired, created or arising (i) "documents" (as "document" is defined in Article 9), (ii) documents of title (as "document of title" is defined in Section 1-201 of the UCC), and (iii) receipts of the type described in Section 7-201(2) of the UCC (for goods including distilled spirits and agricultural commodities stored under a statute requiring a bond against withdrawal or a license for the issuance of receipts in the nature of warehouse receipts) ("**Documents**"); and

(h) All of Borrower's now owned and hereafter acquired, created or arising (i) "instruments" (as "instrument" is defined in Article 9), (ii) any negotiable instrument or any other writing that evidences a right to the payment of a monetary obligation, is not itself a security agreement or lease, and is of a type that in ordinary course of business is transferred by delivery with any necessary endorsement or assignment, and (iii) Promissory Notes or other instruments or agreements evidencing Borrower's right to payment from any Person or Persons ("**Instruments**"). The term "Instruments" does not include (i) investment property (as "investment property" is defined in Article 9), (ii) letters of credit (as "letter of credit" is defined in Article 5), or (iii) writings that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card; and

(i) All of Borrower's now owned and hereafter acquired, created or arising (i) "investment property" (as "investment property" is defined in Article 9), (ii) securities (as "security" is defined in Article 8), whether certificated or uncertificated, (iii) security entitlements (as "security entitlement" is defined in Article 8), (iv) securities accounts (as "securities account" is defined in Article 8), (v) commodity contracts (as "commodity contract" is defined in Article 9), (vi) commodity accounts (as "commodity account" is defined in Article 9), and (vii) including, without limitation, all of Borrower's shares of Series D Preferred Stock of Megapath Networks, Inc. ("**Investment Property**") (provided however, if the Restricted Cash Account is a securities account, the Restricted Cash Account shall be excluded from the Collateral so long as the Restricted Cash Account contains no Property other than the Restricted Cash); and

(j) All of Borrower's now owned and hereafter acquired, created or arising Letter-of-credit rights and all of Borrower's now owned and hereafter acquired, created or arising Documentary Credits; and

(k) All of Borrower's now owned and hereafter acquired, created or arising (i) "inventory" (as "inventory" is defined in Article 9) and (ii) other Goods (other than, as to this clause (ii), farm products (as "farm products" is defined in Article 9) which (A) are leased by Borrower as lessor, (B) are held by Borrower for sale or lease or to be furnished under a contract of service, (C) are furnished by Borrower under a contract of service, or (D) consist of raw materials, work in process, or materials used or consumed in Borrower's business, including all Accessions to such inventory and other Goods ("**Inventory**"); and

(l) All of Borrower's now owned and hereafter acquired, created or arising (i) "equipment" (as "equipment" is defined in Article 9) and (ii) other Goods (other than, as to this clause (ii), Inventory, farm products (as "farm products" is defined in Article 9), or consumer goods (as "consumer goods" is defined in Article 9)), including fixtures and including all accessions to such equipment and other Goods ("**Equipment**"); and

(m) All of Borrower's now owned and hereafter acquired, created or arising (i) "general intangibles" (as "general intangible" is defined in Article 9) and (ii) personal property, including things in action, other than accounts (as "account" is defined in Article 9), chattel paper (as "chattel paper" is defined in Article 9), commercial tort claims (as "commercial tort claim" is defined in Article 9), deposit accounts (as "deposit account" is defined in Article 9), documents (as "document" is defined in Article 9), goods (as "goods" are defined in Article 9), instruments (as "instrument" is defined in Article 9), investment property (as "investment property" is defined in Article 9), letter-of-credit rights (as "letter-of-credit right" is defined in Article 9), letters of credit (as "letter of credit" is defined in Article 5), money, and oil, gas, or other minerals before extraction ("**General Intangibles**"). Without limiting the generality of the preceding sentence, General Intangibles include Borrower's now owned and hereafter acquired, created or arising payment intangibles, rights or claims in respect of refunds for taxes paid, Intellectual Property (including, as to any Trademark, the goodwill of the business in which the Trademark is used, or that part of the goodwill of the business connected with the use of and symbolized by the Trademark); and

(n) All of Borrower's now owned and hereafter acquired, created or arising moneys, securities and other property, now or hereafter held or received by, or in transit to, Lender, whether for safekeeping, pledge, custody, transmission, collection or otherwise, and any balances, sums and credits of Borrower held by Lender at any time existing ("**Held Items**"); and

(o) All of Borrower's now owned and hereafter acquired, created or arising right, title and interest in any tangible or intangible personal property that is not described within the other defined terms included within the definition of Collateral ("**Other Personalty**"); and

(p) All of Borrower's now owned and hereafter acquired, created or arising products of Collateral, including any product or mass that results when any Goods that are Collateral become commingled goods ("**Products**"); and

(q) All of Borrower's now owned and hereafter acquired, created or arising Records, and Borrower's books, records, documents, ledger cards, invoices, bills of lading and other shipping evidence, credit files, computer programs, tapes, discs, diskettes, and other data and software storage medium and devices, and other property and general intangibles evidencing or relating to Collateral or any Account Debtor (including any rights of Borrower with respect to the foregoing maintained with or by any other Person) ("**Business Records**"); and

(r) All of Borrower's now owned and hereafter acquired, created or arising cash and non-cash proceeds (as "proceeds" is defined in Article 9), and all Property received in respect of any sale, lease, license, exchange, transfer, redemption, or other disposition of any Collateral, and any other thing or item of value paid, received or collected in respect of any Collateral, including any cash, check, accepted draft, or other item of value paid or delivered upon honor or giving of value by the issuer or any nominated person under a letter of credit, and including interest and dividend payments made on or in respect of any Collateral, and distributions made in respect of any Collateral, and rights arising out of any Collateral, and claims arising out of the loss, nonconformity, or interference with the use of, defects or infringements of rights in, or damage to, any Collateral, and insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to, any Collateral ("**Proceeds**").

SECTION 4A.02. Deposit Accounts; Control. (a) To further secure the Loan Obligations, and to more fully protect the security interest of Lender against Liens of other creditors of Borrower, Borrower hereby (i) transfers and assigns exclusively to Lender all of Borrower's now owned and hereafter acquired rights of ownership, dominion and control of all of Borrower's Deposit Accounts, including all of Borrower's Deposit Accounts disclosed or listed on any schedule to this Agreement or any other Credit Document and all of Borrower's other Deposit Accounts whether or not so disclosed or listed, and (ii) agrees that Lender shall have the right to direct the disposition of funds in each of Borrower's Deposit Accounts without further

consent of Borrower. Promptly upon Lender's request from time to time, Borrower shall Authenticate and deliver to Lender, and shall cause each Bank with which any Deposit Account is maintained to Authenticate and deliver to Lender, such Control Agreements as Lender may request to further confirm and perfect Lender's Lien upon Borrower's Deposit Accounts.

(b) With respect to any of Borrower's Deposit Accounts maintained with Lender, Lender shall have the right, at any time, to (i) terminate Borrower's right to direct the disposition of funds from the Deposit Accounts and (ii) block Borrower's access to the Deposit Accounts and any funds in the Deposit Accounts.

(c) With respect to any of Borrower's Deposit Accounts not maintained with Lender, Borrower shall not have the right to direct the disposition of any funds from the Deposit Accounts unless Lender has agreed in writing that Borrower retains the right to direct the disposition of funds from the Deposit Accounts. If Lender has agreed in writing that Borrower retains the right to direct the disposition of funds from a Deposit Account not maintained with Lender, Lender shall be entitled to terminate Borrower's right to direct the disposition of funds from such Deposit Account at any time in Lender's sole discretion by giving the Bank with which such Deposit Account is maintained a written notice ("blocked account notice") terminating Borrower's right to direct the disposition of funds from such Deposit Account.

(d) If the Restricted Cash Account is a Deposit Account, then so long as the Restricted Cash Account contains no Property other than the Restricted Cash, the provisions of this Section 4A.02 shall not apply to the Restricted Cash Account.

SECTION 4A.03. Investment Property; Control. (a) Promptly upon Lender's request from time to time, Borrower shall Authenticate and deliver to Lender, and shall cause any securities intermediary, commodity intermediary, and any other appropriate parties to Authenticate and deliver to Lender, such Control Agreements as Lender may request relating to any Collateral that is Investment Property. If Lender has agreed in writing that Borrower retains the right to make substitutions for an uncertificated security or security entitlement, to originate instructions or entitlement orders to the issuer or securities intermediary, or otherwise to deal with the uncertificated security or security entitlement, Lender shall be entitled to terminate Borrower's right to make substitutions for such uncertificated security or security entitlement, to originate instructions or entitlement orders to the issuer or securities intermediary, or otherwise to deal with such uncertificated security or security entitlement, at any time in Lender's sole discretion by giving the issuer or securities intermediary a written notice ("notice of exclusive control") terminating Borrower's right to make substitutions for such uncertificated security or security entitlement, to originate instructions or entitlement orders to the issuer or securities intermediary, or otherwise to deal with the uncertificated security or security entitlement.

(b) If the Restricted Cash Account is a securities account, then so long as the Restricted Cash Account contains no Property other than the Restricted Cash, the provisions of this Section 4A.03 shall not apply to the Restricted Cash Account.

SECTION 4A.04. Letter-of-Credit Rights; Control. Promptly upon Borrower obtaining any Letter-of-credit rights, Borrower shall notify Lender in writing of such Letter-of-credit rights. Promptly upon Lender's request from time to time, Borrower shall Authenticate and deliver to Lender, and shall cause any Letter of Credit Issuer or Nominated Person, as the case may be, and any other appropriate parties to Authenticate and deliver to Lender, such Control Consents as Lender may request relating to any Collateral that is Letter-of-credit rights. Without limiting any other provision of this Agreement (or any other Credit Document), and to further secure the Loan Obligations, Borrower hereby assigns to Lender Borrower's now owned and hereafter acquired, created or arising rights to all of the Proceeds of Borrower's now owned and hereafter acquired, created or arising Letters of Credit.

SECTION 4A.05. Electronic Chattel Paper; Control. Borrower shall create, store and assign the Record or Records comprising Borrower's Electronic Chattel Paper in such a manner that Lender shall have control of Borrower's Electronic Chattel Paper.

SECTION 4A.06. Commercial Tort Claims. Promptly upon Borrower obtaining rights to any Commercial Tort Claim, Borrower shall (a) notify Lender in writing of the Commercial Tort Claim and (b) Authenticate and deliver to Lender an amendment to this Agreement (and Schedule 4A.01(f)) in form and substance satisfactory to Lender, which amendment shall add to the description of Collateral covered by this Agreement a description of such Commercial Tort Claim that reasonably identifies such Commercial Tort Claim and grant to Lender a security interest in such Commercial Tort Claim, and (c) if requested by Lender, Authenticate in recordable form and deliver to Lender one or more financing statements or financing statement amendments or other lien notices covering such Commercial Tort Claim.

SECTION 4A.07. Collateral in Possession of Third Party. If the Collateral is in the possession of a third party, Borrower shall join with Lender in notifying such third party of Lender's security interest in the Collateral, and Borrower shall obtain for Lender a written acknowledgement from such third party that such third party is holding the Collateral for the benefit of Lender.

SECTION 4A.08. Perfection by Filing. (a) Notwithstanding any provisions in the Interim Order and Final Order that establish a perfected security interest in and lien on the Collateral by operation of law, upon Lender's request from time to time, Borrower shall Authenticate, in recordable form, and deliver to Lender any financing statement or other lien notice or other document, and cause any third party to Authenticate and deliver to Lender any other document (including financing statement termination statements), requested by Lender to further evidence the security interests created under this Agreement and to maintain, and continue the first priority of the security interests created under this Agreement.

(b) Borrower hereby appoints Lender as Borrower's attorney-in-fact, with power of substitution, which appointment is irrevocable and coupled with an interest, to Authenticate in the name of Borrower, and to transmit to, or file, record, or register with, any Person, and at any time, any lien notice, instrument or document that Lender may deem necessary or advisable to further evidence, enforce, defend, protect, perfect, continue, or

maintain any security interest, or to further evidence the perfection or priority of any security interest, created under this Agreement.

(c) Lender shall not be required to obtain Borrower's consent or authorization for Lender to file, and Lender shall be entitled to file, with or without Authentication by Borrower (or by Lender as Borrower's attorney-in-fact), any financing statement, amendment, or other Record that Lender may be authorized to file in accordance with the terms of Article 9, including any financing statement, amendment, or other Record that Lender may be authorized to file based on Borrower having Authenticated this Agreement or based on Borrower having Authenticated any other security agreement.

(d) Any financing statement or other Record filed to further evidence the perfection or priority of the security interests granted by this Agreement may, at Lender's option, describe or indicate the Collateral in the manner that the Collateral is described in this Agreement, or as all assets of Borrower, or as all personal property of Borrower, or by any other description or indication of the Collateral that may be sufficient for a financing statement under Article 9.

SECTION 4A.09. Perfection by Possession. If Collateral is of a type as to which it is necessary or advisable, as determined by Lender, for Lender to take possession of such Collateral in order to protect, perfect, or maintain the first priority of Lender's security interest or other Lien in such (or any other) Collateral, then, promptly upon Lender's request from time to time, Borrower shall deliver such Collateral to Lender.

SECTION 4A.10. Lien Waivers. Promptly upon Lender's request from time to time, Borrower shall provide to Lender landlord collateral agreements, mortgagee collateral agreements, and other instruments and lien waivers, in form and substance satisfactory to Lender, and in favor of Lender, and Authenticated by any Persons (including any owners, contract purchasers, option holders, easement holders, lessors, lessees, sublessees, occupants, or mortgagees) having or claiming any interest in any real estate owned, leased or otherwise used or occupied by Borrower, whereby such Persons shall expressly waive, or subordinate to Lender's security interest in the Collateral, all Liens against the Collateral and provide to Lender, without cost to Lender, and on terms satisfactory to Lender, rights of access to such real estate for purposes of storage, holding, retaking, processing, maintenance, marketing, selling, leasing, licensing, and otherwise disposing of such Collateral.

SECTION 4A.11. Restricted Cash; Restricted Cash Account. Notwithstanding anything to the contrary set forth in this Agreement, Lender acknowledges and agrees that the Collateral shall not include any cash and cash equivalents and Temporary Cash Investments owned by Borrower and on hand as of the date of the entry of the Interim Order that constitute proceeds of public debt issuance (the "Restricted Cash"). All Restricted Cash shall be maintained separately in a segregated deposit account maintained with _____ or a segregated securities account maintained with _____ (each such deposit account or securities account that holds Restricted Cash is referred to herein as a "Restricted Cash Account") and at no time shall be commingled with any Collateral or Proceeds thereof.

Lender agrees that so long as the Restricted Cash Account contains no Property other than the Restricted Cash, the Restricted Cash Account shall not be part of the Collateral.

SECTION 4A.12. *Scheduled Excluded Property.* Notwithstanding anything to the contrary set forth in this Agreement, Lender acknowledges and agrees that the Collateral shall not include any Property listed on Schedule 4A.12 to this Agreement (the “**Scheduled Excluded Property**”).

SECTION 4A.13. *Use of Proceeds of Collection Collateral Prior to Default.* Prior to the occurrence of a Default, Borrower shall be privileged to use, and shall use, Proceeds of Collection Collateral solely for payment of Operating Expenses. Upon and after the occurrence of a Default, Lender shall be entitled to revoke Borrower’s privilege to use the Proceeds of Collection Collateral by giving notice of such revocation to Borrower, whereupon and thereafter Borrower shall not use Proceeds of Collection Collateral for any purpose without Lender’s prior written consent. Borrower shall not use proceeds of Collection Collateral for any purpose other than payment of Operating Expenses.

ARTICLE IV-B
GUARANTY AGREEMENT

SECTION 4B.01. *Guaranty Agreement.* Subject to the limitations on recourse set forth in Section 7.16 of this Agreement, each Corporate Guarantor hereby jointly and severally guarantees to Lender the prompt payment of the Loan Obligations of each other Corporate Guarantor in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise) strictly in accordance with the terms thereof. Each Corporate Guarantor hereby further agrees that if any of the Loan Obligations of any other Corporate Guarantor are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration or otherwise), such Corporate Guarantor will, jointly and severally, promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Loan Obligations of any other Corporate Guarantor, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

SECTION 4B.02. *Obligations Unconditional.* The Obligations of the Corporate Guarantors under Section 4B.01 hereof are joint and several, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Credit Documents, or any substitution, release or exchange of any other guarantee of or security for any of the Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 4B.02 that the obligations of the Corporate Guarantors hereunder shall be absolute and unconditional under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that, to the fullest extent permitted by law, the occurrence of any one or more of the following shall not alter or

impair the liability of any Corporate Guarantor hereunder which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to any Corporate Guarantor, the time for any performance of or compliance with any of the Loan Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of any of the Credit Documents or any other agreement or instrument referred to therein shall be done or omitted;

(iii) the maturity of any of the Loan Obligations shall be accelerated, or any of the Loan Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Credit Documents or any other agreement or instrument referred to therein shall be waived or any other guarantee of any of the Loan Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with;

(iv) any Lien granted to, or in favor of, Lender as security for any of the Loan Obligations shall fail to attach or be perfected;

(v) any of the Loan Obligations shall be determined to be void or voidable (including, without limitation, for the benefit of any creditor of any Corporate Guarantor) or shall be subordinated to the claims of any Person (including, without limitation, any creditor of any Corporate Guarantor);

(vi) the full or partial release of any Collateral; or

(vii) the full or partial release of liability of any Obligor.

With respect to its Obligations hereunder, each Corporate Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that Lender exhaust any right, power or remedy or proceed against any Person under any of the Credit Documents or any other agreement or instrument referred to therein, or against any other Person under any other guarantee of, or security for, any of the Loan Obligations. Lender shall have no present or future duty or obligation, and the Corporate Guarantors waive any right to claim or assert any such duty or obligation, to discover or to disclose to the Corporate Guarantors any information, financial or otherwise, concerning such Corporate Guarantor, any other Obligor, or any Collateral security the Loan Obligations.

SECTION 4B.03. *Remedies.* The Corporate Guarantors agree that, to the fullest extent permitted by law, as between the Corporate Guarantors, on the one hand, and the Lender, on the other hand, the Loan Obligations may be declared to be forthwith due and payable as provided in Article VI hereof (and shall be deemed to have become automatically due and payable as provided in Article VI hereof, and shall be deemed to have become automatically due and payable in the circumstances provided in said Article VI) notwithstanding any stay, injunction or

other prohibition preventing such declaration (or preventing such Loan Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or such Loan Obligations being deemed to have become automatically due and payable), such Loan Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Corporate Guarantors.

SECTION 4B.04. *Continuing Guaranty.* The guarantee in this Article IV-B is a continuing guarantee, and shall apply to all Loan Obligations whenever arising.

ARTICLE V
NEGATIVE COVENANTS

Each Borrower covenants and agrees that from the date hereof and until the later of the Maturity Date or payment in full of all Loan Obligations owed by Borrowers to Lender, unless Lender shall otherwise consent in writing:

SECTION 5.01. *Investments.* No Borrower shall make, acquire or hold any Investments other than Permitted Investments.

SECTION 5.02. *Indebtedness.* No Borrower shall incur, create, assume or suffer to exist any Indebtedness other than Permitted Indebtedness for Borrowed Money.

SECTION 5.03. *Maintenance of Permitted Indebtedness.* No Borrower shall prepay any Permitted Indebtedness for Borrowed Money, excepting any prepayments of the Loan Obligations. Borrower shall not modify any agreement relating to any Permitted Indebtedness for Borrowed Money.

SECTION 5.04. Intentionally omitted.

SECTION 5.05. *Line of Business; Name; Structure.* No Borrower shall engage in any business other than the business engaged in by such Borrower on the Effective Date. No Borrower shall refuse, or divert or refer to any other Person any Business or Business opportunity that any Borrower could profit from in the ordinary course of any Borrower's business. No shareholder, officer, director, member or employee of any Borrower shall divert from such Borrower, or refer to any person other than any other Borrower, any Business or Business opportunity that could be served by any other Borrower in the ordinary course of such Borrower's business. No Borrower shall change its name or organizational structure.

SECTION 5.06. Intentionally omitted.

SECTION 5.07. Intentionally omitted.

SECTION 5.08. Intentionally omitted

SECTION 5.09. Intentionally omitted.

SECTION 5.10. Consolidations; Mergers; Dispositions; Acquisitions. Except as expressly contemplated in the Asset Purchase Agreement, no Borrower shall (i) enter into any transaction of merger or consolidation, or liquidate, wind up or dissolve itself, or suffer any liquidation or dissolution, or (ii) make any Asset Disposition, except that any Borrower may make (a) sales of inventory or services in the ordinary course of such Borrower's business, and (b) sales for fair consideration of equipment that is obsolete and no longer useful in such Borrower's business, or (iii) acquire by purchase or otherwise any of the outstanding capital stock of, or all or substantially all of the business, Property or assets of, any Person. Notwithstanding anything to the contrary set forth in this Agreement, Borrowers shall promptly pay to Lender or cause to be paid to Lender, as prepayments of the Loan Obligations, all Net Proceeds of any Asset Dispositions that may be permitted under this Agreement or the Asset Purchase Agreement; provided that if the Net Proceeds of permitted Asset Dispositions exceed the amount of outstanding Loan Obligations, the excess Net Proceeds after payment of all outstanding Loan Obligations shall continue to be part of the Collateral, shall be maintained until used in a Deposit Account in which Lender has a first priority security interest which security interest is perfected by control pursuant to a Control Agreement, and shall be used by Borrowers solely for payment of Operating Expenses.

SECTION 5.11. Liens; Bailments; Certain Sales. No Borrower shall (a) store any Collateral with, or give possession or control of any Collateral to, any holder, bailee, warehouseman or other Person without Lender's prior written consent, which consent may be withheld in Lender's discretion, or (b) create, incur, assume or suffer to exist any Lien upon any Collateral other than Permitted Liens, or (c) license any Collateral to any other Person, or (d) directly or indirectly, sell with or without recourse, or discount or factor, any Collateral.

SECTION 5.12. Restricted Cash Account. No Borrower shall maintain any Property, other than Restricted Cash, in the Restricted Cash Account.

ARTICLE VI
EVENTS OF DEFAULT; CERTAIN REMEDIES UPON DEFAULT

SECTION 6.01. Events of Default. Each of the following events shall constitute an Event of Default attributable to all Borrowers:

(a) Any Borrower's failure to pay as and when due any amount of principal or interest of the Loan; or

(b) Any Borrower's failure to pay any fees due in accordance with the terms of this Agreement or the other Credit Documents as and when due; or

(c) Any Borrower's failure to pay any Credit Administration Costs within five (5) Business Days after Lender's demand for such payments; or

(d) If any representation or warranty made by any Borrower in any Credit Document is not true, accurate and complete in all material respects; or

(e) Intentionally omitted;

(f) Any Borrower's failure to notify Lender of any Notification Event as required in accordance with the requirements of Section 4.02; or

(g) The failure by any Borrower to fulfill in all material respect a covenant of this Agreement or any other Credit Document, which failure is not within the scope of clauses (a) through (f) of this Section; or

(h) If any statement, report, appraisal, certificate, opinion, or other information furnished to Lender by any Person in connection with Borrowers' request for the Loan was not true, accurate and complete in all material respects when so furnished to Lender and on the Effective Date; or

(i) If any statement, report, certificate, opinion, or other information furnished to Lender with or in accordance with the terms of this Agreement (including all annexes, schedules, and exhibits to the Credit Documents and all materials delivered to Lender to satisfy any condition of this Agreement) is not true, accurate and complete in all material respects when so furnished to Lender; or

(j) If any Chapter 11 Case shall be dismissed or subject to a Case Conversion (or if any Borrower shall otherwise become subject to a Case Conversion) or any Borrower shall file a motion or other pleading seeking the dismissal of any of the Chapter 11 Cases under Section 1112 of the Bankruptcy Code or otherwise; or

(k) A trustee under Chapter 7 or Chapter 11 of the Bankruptcy Code, a responsible officer, or an examiner with enlarged powers relating to the operation of the business (powers beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code) under Section 1106(b) of the Bankruptcy Code shall be appointed in any of the Chapter 11 Cases and the order appointing such trustee, responsible officer or examiner shall not be reversed or vacated within 30 days after the entry thereof; or

(l) The Bankruptcy Court shall enter, over the objection of any Borrower, an order or orders granting relief from the automatic stay applicable under Section 362 of the Bankruptcy Code to the holder or holders of any security interest to permit foreclosure (or the granting of a deed in lieu of foreclosure or the like) on any Collateral of a Borrower which has value in excess of \$100,000 in the aggregate; or

(m) Any order of the Bankruptcy Court shall be entered reversing, amending, supplementing, staying for a period in excess of 10 days, vacating or otherwise modifying the Interim Order, the Final Order, or the Approval Order; or

(n) If any Credit Documents shall for any reason be asserted by any Borrower not to be a legal, valid and binding obligation of the respective parties thereto, enforceable in accordance with its terms; or

(o) Intentionally omitted; or

(p) The Bankruptcy Court has not entered the Final Order within 15 Business Days after the Effective Date; or

(q) If any Seller under the Asset Purchase Agreement shall materially breach any of its obligations under the Asset Purchase Agreement, and such breach is not cured within any applicable cure period under the Asset Purchase Agreement; or

(r) The termination of the Asset Purchase Agreement by any party to the Asset Purchase Agreement.

SECTION 6.02. *Acceleration.* Upon the occurrence of an Event of Default, and at any time thereafter unless and until such Event of Default has been waived by Lender in writing or cured to the satisfaction of Lender as expressly acknowledged by Lender in writing, Lender may take any or all of the following actions against any or all Borrowers: (a) declare the Maturity Date accelerated (without the necessity of any notice) on the Loan; and/or (b) declare the unpaid principal of, and all accrued and unpaid interest on, the Loan and any and all other outstanding and unpaid Loan Obligations to be due, whereupon the same shall be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower; and/or (c) enforce any and all rights and interests created and existing under the Credit Documents and all rights of set-off; provided, however, without limiting the generality of the foregoing, upon the occurrence of an Event of Default described in Section 6.01(j) through (m) above, (i) the Maturity Date shall be immediately accelerated (without the necessity of any notice), and (ii) the unpaid principal of, and all accrued and unpaid interest on, the Loan and any and all other outstanding and unpaid Loan Obligations shall be immediately due and payable to Lender without any action on the part of Lender, and without presentment, demand, protest, or other notice of any kind, all of which are hereby waived.

SECTION 6.03. *Right to Enforce Claim; Lender in Possession or Control.*

(a) Upon and after the occurrence of a Default or an Event of Default, and in addition to such other rights and remedies as Lender may have under other provisions of this Agreement or any other Credit Documents, or under common or statutory law, Lender may reduce a claim to judgment, foreclose, or otherwise enforce the claim, security interest, or agricultural lien by any available judicial procedure, and if the Collateral is Documents, Lender may proceed either as to the Documents or as to the Goods the Documents cover.

(b) If Lender has possession of Collateral (i) reasonable expenses, including the cost of insurance and payment of taxes or other charges, incurred in the custody, preservation, use, or operation of the Collateral are chargeable to Borrower and are secured by

the Collateral, (ii) the risk of accidental loss or damage is upon Borrower to the extent of a deficiency in any effective insurance coverage, (iii) Lender shall keep the Collateral identifiable, but fungible Collateral may be commingled, and (iv) Lender may use or operate the Collateral (A) for the purpose of preserving the Collateral or its value, or (B) as permitted by an order of a court having competent jurisdiction, or (C) for the purpose of transporting the Collateral, or (D) for the purposes of demonstrating the use or operation of the Collateral.

(c) If Lender has possession of Collateral or control of Collateral that is Deposit Accounts, Electronic Chattel Paper, Investment Property, or Letter-of-credit rights, then Lender (i) may hold as additional security any Proceeds, except money or funds, received from the Collateral, (ii) shall apply money or funds received from the Collateral to reduce the Loan Obligations unless remitted to Borrower, and (iii) may create a security interest in the Collateral.

(d) If Lender has possession of Collateral that is Chattel Paper or an Instrument, then as to any such Chattel Paper or Instrument, Lender shall not be obligated to take any necessary steps to preserve rights against prior parties.

SECTION 6.04. Collection and Enforcement. At any time after the occurrence of a Default or an Event of Default, Lender may:

(a) notify any Collection Collateral Debtor or other Person obligated on Collateral to make payment or otherwise render performance to or for the benefit of Lender;

(b) take any Proceeds to which Lender is entitled under Section 9-315 of Article 9;

(c) enforce the obligations of any Collection Collateral Debtor or other Person obligated on Collateral and exercise the rights of Borrower with respect to the obligations of the Collection Collateral Debtor or other Person obligated on Collateral to make payment or otherwise render performance to Borrower, and with respect to any property that secures the obligations of the Collection Collateral Debtor or other Person obligated on the Collateral; and

(d) if Lender holds a security interest in a Deposit Account perfected by control pursuant to an agreement among Borrower, Lender and the Bank with which the Deposit Account is maintained, or if Lender becomes the Bank's customer with respect to the Deposit Account, instruct the Bank with which the Deposit Account is maintained to pay the balance of the Deposit Account to or for the benefit of Lender.

SECTION 6.05. Application of Proceeds of Collection or Enforcement. (a) Lender shall apply or pay over for application the cash Proceeds of collection of Collateral, or enforcement of the obligations of a Collection Collateral Debtor, in the following order to:

(1) the reasonable expenses of collection and enforcement and the reasonable attorney's fees and legal expenses incurred by Lender;

(2) the satisfaction of obligations secured by the security interest or agricultural lien under which the collection or enforcement is made; and

(3) the satisfaction of obligations secured by any subordinate security interest in or other lien on the Collateral subject to the security interest or agricultural lien under which the collection or enforcement is made if Lender receives an Authenticated demand for Proceeds before distribution of the Proceeds is completed.

(b) Lender need not apply or pay over for application non-cash Proceeds of collection and enforcement unless the failure to do so would be commercially unreasonable.

(c) Lender shall account to and pay Borrower for any surplus and any Obligor is liable for any deficiency.

SECTION 6.06. *Possession of Collateral.* (a) At any time after the occurrence of a Default or an Event of Default, Lender may require each Borrower to assemble the Collateral and make the Collateral available to Lender at a place designated by Lender which is reasonably convenient to Lender and such Borrower. If Lender requires any Borrower to assemble the Collateral and make the Collateral available to Lender, as described in the preceding sentence, such Borrower shall do so promptly, and in any event within three days after Lender gives such Borrower a notice requesting such Borrower to assemble the Collateral and make the Collateral available to Lender at the place designated by Lender. Without limiting Lender's right to designate any place which is reasonably convenient to Borrowers for making Collateral available to Lender, each Borrower agrees that any place designated by Lender and located within 100 miles of any place where such Borrower stores, uses, sells, leases, licenses, or maintains Collateral in the ordinary course of such Borrower's business shall be conclusively deemed to be a place reasonably convenient to such Borrower for making the Collateral available to Lender.

(b) At any time after the occurrence of a Default or an Event of Default, Lender may, pursuant to judicial process, or without judicial process if Lender proceeds without breach of peace, (1) take possession of the Collateral and, (2) without removal, render Equipment unusable and dispose of Collateral on any Borrower's premises in accordance with Section 6.07.

SECTION 6.07. *Disposition of Collateral.* (a) At any time after the occurrence of a Default or an Event of Default, Lender may sell, lease, license, or otherwise dispose of any or all of the Collateral in its present condition or following any commercially reasonable preparation or processing.

(b) Lender may dispose of Collateral by public or private proceedings, by one or more contracts, as a unit or in parcels, and at any time and place and on any terms.

(c) Lender may purchase Collateral (1) at a public disposition or (2) if the Collateral is of a kind that is customarily sold on a recognized market or the subject of widely distributed standard price quotations, at a private disposition.

(d) A contract for sale, lease, license, or other disposition includes the warranties relating to title, possession, quiet enjoyment, and the like which by operation of law accompany a voluntary disposition of property of the kind subject to the contract; provided, however, Lender may disclaim or modify such warranties (1) in a manner that would be effective to disclaim or modify the warranties in a voluntary disposition of property of the kind subject to the contract of disposition, or (2) by communicating to the purchaser a Record evidencing the contract for disposition and including an express disclaimer or modification of the warranties, and provided further that a Record is sufficient to disclaim such warranties if such Record indicates "There is no warranty relating to title, possession, quiet enjoyment, or the like in this disposition" or uses words of similar import.

(e) Prior to a disposition of Collateral, Lender shall give Borrowers, and any other parties required to receive notice under Article 9, notification as required under Article 9 before a sale, lease, license, or other disposition of Collateral.

SECTION 6.08. Application of Proceeds of Disposition of Collateral. (a) Lender shall apply or pay over for application the cash Proceeds of disposition of Collateral in the following order:

(1) the reasonable expenses of retaking, holding, preparing for disposition, processing, and disposing, and reasonable attorney's fees and legal expenses incurred by Lender;

(2) the satisfaction of obligations secured by the security interest or agricultural lien under which the disposition is made; and

(3) the satisfaction of obligations secured by any subordinate security interest in or other subordinate lien on the Collateral if:

(A) Lender receives from the holder of the subordinate security interest or other lien an Authenticated demand for Proceeds before distribution of the Proceeds is completed;

(B) in a case in which a consignor has an interest in the Collateral, the subordinated security interest or other lien is senior to the interest of the consignor; and

(4) a secured party that is a consignor of the Collateral if Lender receives from the consignor an Authenticated demand for Proceeds before distribution of the Proceeds is completed.

(b) Lender need not apply or pay over for application non-cash Proceeds of disposition unless the failure to do so would be commercially unreasonable.

(c) Unless Lender is required to apply or pay over cash Proceeds to a consignor under subsection (a)(4) of this Section, Lender shall account to and pay Borrower for any surplus, and any Obligor is liable for any deficiency.

SECTION 6.09. *Additional Provisions Regarding Sales and Other Dispositions.* In the event that Lender shall sell or otherwise dispose of the Collateral, or any part thereof, the following additional provisions shall be applicable to such sale or other disposition:

(a) Such sale or other disposition may be at public or private sale (or at any broker's board or on any securities exchange) for cash, upon credit or for future delivery as Lender shall deem appropriate. Lender shall be authorized at any such sale (if Lender deems it advisable to do so with regard to any type or item of Collateral) to restrict the prospective bidders or purchasers to Persons who will represent and agree that they are purchasing the Collateral for their own use (or for their own account for investment, as applicable) and not with a view to the distribution or sale thereof, and upon consummation of any such sale, Lender shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of Borrowers, and Borrowers hereby waive (to the extent permitted by law) all rights of redemption, stay and appraisal which Borrowers now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Lender shall give Borrowers at least ten (10) days' written notice (which Borrowers agree is reasonable notice) of Lender's intention to make any sale of Collateral owned by Borrowers. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as Lender may fix and state in the notice of such sale, and Lender shall not be obligated to make any sale of any Collateral if Lender shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given, and Lender may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice to Borrowers or anyone else, be made at the time and place to which the same was so adjourned.

(b) In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by Lender until the sale price is paid by the purchaser or purchasers thereof, but Lender shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for Collateral so sold and, in case of any such failure, such of the Collateral may be sold again upon notice to Borrowers as set forth in this Section.

(c) At any public sale, Lender may bid for or purchase, free (to the extent permitted by law) from any right of redemption, stay or appraisal on the part of Borrowers (all said rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to Lender from Borrowers as a credit against the purchase price, and Lender may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to Borrowers therefor.

(d) For purposes of any sale of Collateral in accordance with this Agreement, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof. Lender shall be free to carry out such sale pursuant to such agreement, and Borrower shall not be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after Lender shall have entered into such an agreement, all Events of Default shall have been remedied and the Loan Obligations paid in full.

(e) Upon any sale of Collateral by Lender (including a sale pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of Lender or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral being sold, and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to Lender or such officer or be answerable in any way for the misapplication thereof.

SECTION 6.10. License to use intellectual property. Each Borrower agrees that Lender and any receiver, and any designee of Lender or any receiver, each shall have, and each is hereby granted, an irrevocable, royalty-free, perpetual, and worldwide license to reproduce, distribute, publicly perform, publicly display, create derivative works of, make, have made, sell, offer to sell, or otherwise use (including the right to sublicense) such Borrower's Intellectual Property (and including such Borrower's rights to any Intellectual Property to the extent that the license granted in this Section would not violate the rights granted to such Borrower), including, as to any Trademark, the goodwill of such Borrower's business in which the Trademark is used, or that part of the goodwill of such Borrower's business connected with the use of and symbolized by the Trademark, in and in connection with (i) collecting Collateral, (ii) manufacturing, completing, and repairing Collateral, (iii) marketing, selling, leasing, licensing, or disposing of Collateral, and (iv) exercising Lender's rights and remedies under this Agreement (or otherwise) relating to Collateral.

SECTION 6.11. Waivers. Each Borrower waives presentment, demand, notice of dishonor, and protest, and all demands and notices of any action taken by Lender under this Agreement, except as otherwise provided herein, are hereby waived, and any indulgence of Lender, substitution for, exchange of or release of collateral, or addition or release of any person liable on the collateral is hereby assented and consented to and shall not operate or be claimed to operate to release or exonerate any other collateral or person or any claim of Lender.

ARTICLE VII
MISCELLANEOUS

SECTION 7.01. *Further Assurances.* Each Borrower shall execute and deliver to Lender such further assurances of this Agreement and the matters contemplated by this Agreement and the other Credit Documents, including any agreements, assignments, instruments or other documents in favor of Lender, promptly from time to time upon Lender's written request.

SECTION 7.02. *Successors and Assigns.* This Agreement and the other Credit Documents shall be binding upon and inure to the benefit of Lender and its successors and assigns and any holders of the Note. No Borrower shall, without Lender's prior written consent, which consent may be withheld in Lender's discretion, assign such Borrower's rights under this Agreement or any of the other Credit Documents to any Person, and any attempt of such an assignment by any Borrower without Lender's prior written consent shall be void.

SECTION 7.03. *Severability.* Any provision of this Agreement prohibited by the laws of any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, or modified to conform with such laws, without invalidating the remaining provisions of this Agreement, and any such prohibition in any jurisdiction shall not invalidate such provisions in any other jurisdiction.

SECTION 7.04. *Governing Law.* This Agreement and the other Credit Documents and the rights and obligations of the parties hereunder and thereunder shall be governed by and construed and interpreted in accordance with the laws of the State of New York (excluding New York conflict of laws rules), including all matters of construction, validity and performance, regardless of the location of the parties or any Property, excepting, however, that the UCC (or decisional law) of a jurisdiction other than New York may provide the method of perfection of liens and security interests created under this Agreement and the other Credit Documents.

SECTION 7.05. *Jurisdiction; Venue; Service.* Each Borrower and Lender acknowledge that the Bankruptcy Court shall have exclusive jurisdiction; provided, however, if the Chapter 11 Case is dismissed, then each Borrower shall consent to the jurisdiction as provided in this Section. Each Borrower irrevocably consents to the non-exclusive personal jurisdiction of the courts of the State of New York and, if a basis for federal jurisdiction exists, the non-exclusive jurisdiction of the United States District Court for the Southern District of New York. Each Borrower agrees that venue shall be proper in any circuit court of the State of New York selected by Lender or, if a basis for federal jurisdiction exists, in any Division of the United States District Court for the Southern District of New York. Each Borrower waives any right to object to the maintenance of any suit or claim in any of the state or federal courts of the State of New York on the basis of improper venue or of inconvenience of forum. Any suit or claim brought by any Borrower against Lender that is based, in whole or in part, directly or indirectly, on this Agreement or any matters relating to this Agreement or the other Credit Documents, shall be brought in a court only in the State of New York. No Borrower shall file any counterclaim against Lender in any suit or claim brought by Lender against any Borrower in

a jurisdiction outside of the State of New York unless under the rules of the court in which Lender brought such suit or claim the counterclaim is mandatory, and not permissive, and would be considered waived unless filed as a counterclaim in the claim or suit instituted by Lender against such Borrower. Each Borrower agrees that any forum outside the State of New York is an inconvenient forum and that a suit brought by any Borrower against Lender in any court outside the State of New York should be dismissed or transferred to a court located in the State of New York. Each of the parties hereto further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at the address set out for notices in this Agreement, such service to become effective 30 days after such mailing. Nothing herein shall affect the right of Lender to serve process in any other manner permitted by law or to commence legal proceedings or to otherwise proceed against any Borrower or any other Person in any other jurisdiction.

SECTION 7.06. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. A photocopy, facsimile or telecopy of this Agreement shall be effective as an original.

SECTION 7.07. Survival. All representations and warranties and indemnities made by Borrowers herein shall survive delivery of the Note and the making of the Loan.

SECTION 7.08. Notices. Any notice required or permitted by or in connection with this Agreement shall be in writing and shall be made by telecopy, or by hand delivery, or by overnight delivery service, or by certified mail, return receipt requested, postage prepaid, addressed to the parties at the appropriate address set forth below or to such other address as may be hereafter specified by written notice by the parties to each other. Notice shall be considered given as of the earlier of the date of actual receipt, or the date of the telecopy or hand delivery, one calendar day after delivery to an overnight delivery service, or three calendar days after the date of mailing, independent of the date of actual delivery or whether delivery is ever in fact made, as the case may be, provided the giver of notice can establish that notice was given as provided herein. Each undersigned Borrower hereby appoints Rhythms as its agent for purposes of receiving notices under this Agreement and the other Credit Documents, so that notices given to Rhythms shall be fully effective notice to Rhythms and to each such other undersigned Borrower (other than Rhythms).

If to Lender: WorldCom, Inc.
500 Clinton Center Drive
Clinton, MS 39056
Attention: K. William Grothe, Jr.
Fax: (601) 460-8051

WorldCom, Inc.
1133 19th Street, N.W.
9th Floor
Washington, DC 20036
Attention: Roland J. Behm, Esq.
Fax: (202) 736-6085

If to Borrowers: Rhythms NetConnections Inc.
9100 East Mineral Circle
Englewood, CO 80112
Attention: J.W. Braukman, III
Fax: (303) 476-5700

With a copy to: Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attention: Paul Basta, Esq.
Fax: (212) 735-8007

and: Brownstein, Hyatt & Farber, P.C.
410 Seventeenth St., 22nd Floor
Denver, CO 80202
Attention: John Ruppert, Esq.
Fax: (303) 223-0970

SECTION 7.09. Lender Appointed Attorney-in-Fact. Each Borrower hereby appoints Lender as each Borrower's attorney-in-fact, with power of substitution, which appointment is coupled with an interest and irrevocable, to do each of the following in the name of any Borrower or in the name of Lender or otherwise, for the use and benefit of Lender, but at the cost and expense of Borrowers, and with or without notice to any Borrower, upon and after the occurrence of a Default: (a) notify the Collection Collateral Debtors to make payments directly to Lender, and to take control of the cash and non-cash proceeds of any Collateral; (b) compromise, extend, or renew any of the Collateral or deal with the same as it may deem advisable; (c) release, make exchanges, substitutions, or surrender of all or any part of the Collateral; (d) remove from any Borrower's place of business all Records relating to or evidencing any of the Collateral or without cost or expense to Lender, make such use of Borrowers' places of business as may be reasonably necessary to administer, control and collect the Collateral; (e) repair, alter or supply goods, if any, necessary to fulfill in whole or in part the purchase order or similar order of any Account Debtor; (f) demand, collect, receipt for and give renewals, extensions, discharges and releases of any of the Collateral; (g) institute and prosecute

legal and equitable proceedings to enforce collection of, or realize upon, any of the Collateral; (h) settle, renew, extend compromise, compound, exchange or adjust claims with respect to any of the Collateral or any legal proceedings brought with respect thereto; (i) endorse the name of any Borrower upon any Items of Payment relating to the Collateral or upon any proof of claim in bankruptcy against an Collection Collateral Debtor; (j) institute and prosecute legal and equitable proceedings to reclaim any of the goods sold to any Account Debtor obligated on an Account at a time when such Account Debtor was insolvent; and (k) receive and open all mail addressed to any Borrower and notify the postal authorities to change the address for the delivery of mail to Borrowers to such address as Lender may designate.

SECTION 7.10. Remedies Cumulative. No failure or delay on the part of Lender in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between any Borrower and Lender shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies provided herein are cumulative and not exclusive of any rights or remedies which Lender would otherwise have. No notice to or demand on any Borrower in any case shall entitle any Borrower to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of Lender to any other or further action in any circumstances without notice or demand.

SECTION 7.11. Amendments, Waivers and Consents. Neither this Agreement nor any other Credit Document nor any of the terms hereof or thereof may be amended, changed, waived, discharged or terminated unless such amendment, change, waiver, discharge or termination is in writing signed by Lender.

SECTION 7.12. Waivers of Claims; Consequential and Punitive Damages. Each Borrower and Lender hereby waive to the fullest extent permitted by law all claims to consequential and punitive damages in any lawsuit or other legal action brought by either of them against the other of them in respect of any claim between them arising under this Agreement, the other Credit Documents, or any other agreement or agreements between them at any time, including any such agreements, whether written or oral, made or alleged to have been made at any time prior to the date hereof, and all agreements made hereafter or otherwise, and any and all claims arising under common law or under any statute of any state or the United States of America, whether any such claims be now existing or hereafter arising, now known or unknown. In making this waiver Lender and each Borrower each acknowledge and agree that there shall be no claims for consequential or punitive damages made by Lender against any Borrower and there shall be no claims for consequential or punitive damages made against Lender by any Borrower. Lender and each Borrower acknowledge and agree that this waiver of claims for consequential damages and punitive damages is a material element of the consideration for this Agreement.

SECTION 7.13. No Third Party Beneficiaries. There shall be no third-party beneficiaries of this Agreement.

SECTION 7.14. Entire Agreement. Each Borrower agrees that the Credit Documents are a complete and exclusive expression of all the terms of the Loan and agrees that all prior agreements, statements, and representations, whether written or oral, which relate in any way to the Loan are hereby superseded and shall be given no force and effect, and that no promise, inducement, or representation has been made to any Borrower which relates in any way to the Loan, other than what is expressly stated in the Credit Documents. Each Borrower has executed the Credit Documents in full, understands the terms therein, and is executing this Agreement after the opportunity to have full consultation with counsel of Borrowers' choice.

SECTION 7.15. WAIVER OF JURY TRIAL. EACH BORROWER AND LENDER HEREBY WAIVE ALL RIGHT TO TRIAL BY JURY OF ANY AND ALL CLAIMS BETWEEN THEM OF ANY TYPE, INCLUDING CLAIMS ARISING UNDER AND/OR RELATING IN ANY WAY TO THIS AGREEMENT AND/OR THE OTHER CREDIT DOCUMENTS AND/OR THE TRANSACTIONS CONTEMPLATED BY THE CREDIT DOCUMENTS. EACH BORROWER AND LENDER ACKNOWLEDGE THAT THIS IS A WAIVER OF A LEGAL RIGHT AND THAT THIS WAIVER IS MADE KNOWINGLY AND VOLUNTARILY AFTER CONSULTATION WITH COUNSEL OF ITS CHOICE. EACH BORROWER AND LENDER AGREES THAT ALL SUCH CLAIMS SHALL BE TRIED BEFORE A JUDGE OF A COURT HAVING JURISDICTION, WITHOUT A JURY.

SECTION 7.16. Provisions Regarding Limitations on Recourse. (a) Except as otherwise provided below, Lender shall not enforce the Loan Obligations or any Credit Document by any suit, claim, action or proceeding ("action") wherein a money judgment, deficiency judgment or other judgment for personal liability shall be sought against Borrower, and Lender for itself, its successors and assigns irrevocably waives any and all right to sue for, seek or demand any such damages, money judgment, deficiency judgment or personal judgment against Borrower under or in connection with the Loan Obligations or any other Credit Document and agrees to look solely to the Collateral and/or any other property given to Lender as security for the Loan Obligations (all of which being referred to herein as "**Collateral Property**") for the enforcement of any liability or obligation of Borrower in respect of the Loan Obligations, provided that nothing contained herein shall be construed to prevent Lender from bringing a foreclosure action, action for specific performance or other appropriate action or proceeding to enable Lender to enforce and realize upon this Agreement or any other Credit Document, and any lien, pledge, or security interest in the Collateral Property given to Lender created by this Agreement or any other Credit Document; provided, further, however, that any judgment in any action or proceeding shall be enforceable against Borrower only to the extent of Borrower's interest in the Collateral Property. Lender agrees that Lender shall not, except as otherwise provided in this Section 7.16, sue for, seek or demand any deficiency judgment against Borrower in any action or proceeding, under or by reason of or in connection with this Agreement or any other Credit Document, and shall not have an administrative claim against any of the Borrowers or Corporate Guarantors by any suit, claim, action, proof of claim, request for administrative payment or proceeding.

(b) The provisions of this Section 7.16 shall not (i) constitute a waiver, release or impairment of any obligation evidenced or secured by this Agreement, the Note, or any other

Credit Document; (ii) impair the right of Lender to obtain a deficiency judgment in any action or proceeding in order to preserve its rights and remedies, including, without limitation, an action against Borrower under this Agreement or the Note, foreclosure, non-judicial foreclosure, or the exercise of a power of sale under any Credit Document; however, Lender agrees that Lender shall not enforce such deficiency judgment against any assets of Borrower other than the Collateral Property or in the exercise of its rights and remedies to the Collateral Property; (iii) impair the right of Lender to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under any Credit Document; (iv) affect the validity or enforceability of, or impair the right of Lender to enforce, any indemnity, representation or warranty made in connection with this Agreement or any other Credit Documents; or (v) affect the validity or enforceability of, or impair the right of Lender to enforce this Agreement, the Note and the other Credit Documents in accordance with their terms.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Lender and each Borrower, intending to be legally bound hereby, have caused this Agreement to be duly executed and delivered under seal as of the date first above written.

LENDER:

WITNESS:

WorldCom, Inc., a Georgia corporation

By: _____ (SEAL)

Name:

Title:

BORROWERS/CORPORATE GUARANTORS:

WITNESS:

Rhythms Netconnections Inc., a Delaware corporation

By: _____ (SEAL)

Name:

Title:

WITNESS:

Rhythms Links Inc. - Virginia, a Virginia corporation

By: _____ (SEAL)

Name:

Title:

WITNESS:

Rhythms Links Inc., a Delaware corporation

By: _____ (SEAL)

Name:

Title:

WITNESS:

Rhythms Leasing, Inc., a Nevada corporation

By: _____ (SEAL)

Name:

Title:

Attachments:

Exhibit A (Form of Loan Funding Request)
Exhibit B (Form of Promissory Note)
Schedule 3.05 (Ownership)
Schedule 3.07 (Investments)
Schedule 3.08 (Deposit Accounts and securities accounts)
Schedule 3.09 (Indebtedness for Borrowed Money)
Schedule 3.10 (Permitted Lien)
Schedule 3.11 (Insurance)
Schedule 3.12 (Name, Structure)
Schedule 3.17 (Tax Identification Numbers)
Schedule 3.31 (Letter-of-credit rights)
Schedule 4A.12 (Scheduled Excluded Property)

FORM OF LOAN FUNDING REQUEST

WorldCom, Inc.
500 Clinton Center Drive
Clinton, Mississippi 39056
Attention: K. William Grothe, Jr.
Fax: (601) 460-8051

Re: Loan Funding Request

Gentlemen:

The undersigned Borrowers request the following advance pursuant to Section 2.02 of the Credit and Security Agreement by and among the undersigned and WorldCom, Inc. dated as of _____, 2001 (the "Credit Agreement"). Capitalized terms used in this Loan Funding Request shall have the meanings given them in the Credit Agreement:

Borrower requests an advance (the "Requested Advance") under the [Initial Advance Committed Amount] [the Subsequent Advance Committed Amount] in the principal amount of _____ Dollars (\$ _____) to be made on or after _____, 2001 by wire transfer to the Borrower Operating Account in accordance with the following wire transfer instructions:

ABA No. _____
Account No.: _____

In support of this Loan Funding Request, Borrowers hereby represent and warrant to Lender that:

1. The representations and warranties contained in the Credit Agreement are true and correct in all material respects on and as of the date hereof, and will be true and correct in all material respects on the date that the Requested Advance is made (both before and after the Requested Advance is made).
2. If the Requested Advance is the initial loan advance under the Credit Agreement, each of the conditions of Section 2.12 of the Credit Agreement have been satisfied.
3. Each of the conditions of Section 2.13 of the Credit Agreement have been satisfied for the Requested Advance.
4. No Default or Event of Default has occurred and is continuing or will exist on the date that the Requested Advance is made (whether before or after the Requested Advance is made).

5. When the Requested Advance is made, the total aggregate outstanding principal balance of all advances made under the Credit Agreement will not exceed the Committed Amount.

6. The Requested Advance shall be used solely for the following working capital purposes:

7. The proceeds of all loan advances made to Borrower under the Credit Agreement prior to the date of this Loan Funding Request have been used solely for the working capital purposes described in the Loan Funding Requests related to such prior advances.

Attached to this Exhibit as Schedule 1 is the [Budget] [updated Budget] required by the terms of Section [2.12] or [2.13] of the Credit Agreement, certified by the chief financial officer of Borrower. Borrowers represent and warrant to Lender that the information set forth on Schedule 1 is true accurate and complete in all material respects as of the date of this Loan Funding Request.

This Loan Funding Request may be signed in counterparts and each shall be effective as an original, and a photocopy, facsimile or telecopy of this Loan Funding Request shall be effective as an original. In making proof of this Loan Funding Request, it shall not be necessary to produce more than one counterpart, photocopy, facsimile, or telecopy of this Loan Funding Request.

Any Borrower's receipt of the proceeds of the Requested Advance shall be deemed to be a further representation and warranty that the representations and warranties made in this Loan Funding Request are true and correct in all material requests.

Sincerely,
Rhythms Netconnections Inc.
Rhythms Links Inc.
Rhythms Links Inc. - Virginia
Rhythms Leasing Inc.

By: _____
Name:
Title: President

SCHEDULE 1 TO LOAN FUNDING REQUEST

[ATTACH BUDGET OR UPDATED BUDGET]

EXHIBIT B

FORM OF PROMISSORY NOTE (Limited Recourse)

PROMISSORY NOTE
(Limited Recourse)

\$32,000,000

September ____, 2001

FOR VALUE RECEIVED, (i) Rhythms Netconnections Inc., a Delaware corporation, (ii) Rhythms Links Inc. – Virginia, a Virginia corporation, (iii) Rhythms Links Inc., a Delaware corporation, and (iv) Rhythms Leasing Inc., a Nevada corporation (each referred to herein individually as and collectively as “**Borrower**”), promises to pay to the order of WorldCom, Inc., a Georgia corporation (referred to herein as “**Lender**,” which term shall also include any subsequent holder of this Note) the principal sum of Thirty-Two Million and 00/100 Dollars (\$32,000,000), or so much thereof as may be advanced to Borrower in accordance with the terms of the Credit Agreement (herein defined), together with interest until paid, as set forth in this Note and in the Credit Agreement.

This Promissory Note (this “**Note**”) is the Note referred to in and secured by that certain Credit and Security Agreement between Borrower and Lender and dated the same date as this Note (referred to herein as the “**Credit Agreement**,” which term shall include such amendments, supplements, and replacements as may be made thereto or therefor from time to time). Capitalized terms that are used in this Note, but not defined in this Note, which are defined in the Credit Agreement, shall have the meanings given to such terms in the Credit Agreement. Capitalized terms that are used in this Note, but not defined in this Note, which are defined in the Asset Purchase Agreement included in the Bid Submission dated September 7, 2001, (the “**Asset Purchase Agreement**”) shall have the meanings given to such terms in the Asset Purchase Agreement.

1. Fixed Interest Rate. Interest shall accrue and be payable on the outstanding unpaid principal balance of this Note at the fixed interest rate of ten percent (10%) per annum. All interest shall accrue based on a 360-day year for the actual number of days outstanding.

2. Payments.

(a) In the event the Buyer acquires the Assets pursuant to the terms of the Asset Purchase Agreement, all principal outstanding under this Note, together with the accrued and unpaid interest thereon as of the Closing Date, shall be credited against the Purchase Price.

(b) Unless sooner paid in full, the entire unpaid principal balance of this Note, together with all outstanding and unpaid accrued interest, expenses, and fees, shall be due and payable on the Maturity Date.

3. Manner of Payment. All payments shall be made in U.S. dollars in immediately available funds without set-off or counterclaim or deduction of any kind on the due dates of such payments. Payments shall be made to the address set forth herein for notices, except that if the Credit Agreement requires payments to be made to a different address, then payments shall be made to the address required by the terms of the Credit Agreement. Any payments by check shall be accepted subject to collection in immediately available funds. Payments shall be applied to interest, principal, late charges, costs, expenses and fees in such order as Lender may determine in Lender's discretion.

4. Prepayment. Borrower shall be privileged to prepay this Note in whole or in part at any time without premium or penalty. All partial prepayments shall be applied in inverse order of maturity.

5. Credit Administration Costs. Borrower shall pay all Credit Administration Costs incurred by Lender after the occurrence of any default under this Note, and regardless of whether an Event of Default shall have been declared.

6. Default; Acceleration. The occurrence of any of the following events shall be an **Event of Default** under this Note: (a) failure of Borrower to make any payment of principal or interest under this Note when due; or (b) the occurrence of any Event of Default under the Credit Agreement. Upon the occurrence of an Event of Default, the unpaid principal with interest and all other sums evidenced by this Note shall, at the option of Lender, and in Lender's discretion, become immediately due and payable; provided that if in accordance with the terms of the Credit Agreement the occurrence of such Event of Default would cause the unpaid principal, interest, or other sums evidenced by this Note to be immediately due and payable, such amounts shall become immediately due and payable without any action on the part of Lender.

7. Notices. Any notice or demand required or permitted by or in connection with this Note shall be in writing and shall be given in accordance with the terms of the Credit Agreement

8. Certain Waivers. As to this Note, Borrower waives all applicable exemption rights, whether under any state constitution, homestead laws or otherwise, and also waives valuation and appraisal, presentment, notice of dishonor, and protest, notice of demand and nonpayment of this Note, and notice of acceleration and expressly agrees that the maturity of this Note, or any payment under this Note, may be extended from time to time without in any way affecting the liability of Borrower. If Lender transfers this Note to another holder who takes this Note for value and without actual knowledge of a claim or defense of Borrower against any prior holder of this Note, such transferee shall not be subject to any claims, set-offs or defenses that Borrower may have against any holder of this Note prior to such transfer, and such transferee shall have all of the rights of a holder in due course against Borrower even if, absent this provision, such transferee would not qualify as a holder in due course under applicable law.

9. Preservation of Lender Rights. No failure on the part of Lender to exercise any right or remedy hereunder, whether before or after the happening of an Event of Default shall

constitute a waiver thereof, and no waiver of any past Event of Default shall constitute waiver of any future default or of any other Event of Default. No failure to accelerate the indebtedness evidenced hereby by reason of any Event of Default, or acceptance of a past due payment, or indulgence granted from time to time, shall be construed to be a waiver of the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or shall be deemed to be a novation of this Note or as a reinstatement of the indebtedness evidenced hereby or as a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right that Lender may have, whether by the laws of the State of New York, by agreement, or otherwise; and Borrower hereby expressly waives the benefit of any statute or rule of law or equity that would produce a result contrary to or in conflict with the foregoing. This Note may not be changed orally, but only by an agreement in writing signed by the party against whom such agreement is sought to be enforced.

10. Governing Law. This Note shall be governed by the laws of the State of New York (without regard to New York conflicts of laws rules).

11. Jurisdiction; Venue. Borrower acknowledges that the Bankruptcy Court shall have exclusive jurisdiction over any action, suit, claim or proceeding arising out of or relating to this Note and/or the Credit Agreement; provided, however if the Chapter 11 Case is dismissed, then Borrower shall consent to the jurisdiction as provided in this Section. Borrower hereby irrevocably consents to the non-exclusive personal jurisdiction of the courts of the State of New York and, if a basis for federal jurisdiction exists, the non-exclusive jurisdiction of the United States District Court for the Southern District of New York. Borrower agrees that venue shall be proper in any circuit court of the State of New York selected by Lender or, if a basis for federal jurisdiction exists, in any Division of the United States District Court for the Southern District of New York. Borrower waives any right to object to the maintenance of any suit or claim in any of the state or federal courts of the State of New York on the basis of improper venue or of inconvenience of forum. Any suit or claim brought by Borrower against Lender that is based, in whole or in part, directly or indirectly, on this Note or any matters relating to this Note, shall be brought in a court only in the State of New York. Borrower shall not file any counterclaim against Lender in any suit or claim brought by Lender against Borrower in a jurisdiction outside of the State of New York unless under the rules of the court in which Lender brought such suit or claim the counterclaim is mandatory, and not permissive, and would be considered waived unless filed as a counterclaim in the claim or suit instituted by Lender against Borrower. Borrower agrees that any forum outside the State of New York is an inconvenient forum and that a suit brought by Borrower against Lender in any court outside the State of New York should be dismissed or transferred to a court located in the State of New York.

12. Severability. In case any provision (or any part of any provision) contained in this Note shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Note, but this Note shall be construed as if such invalid, illegal, or unenforceable provision (or part thereof) had never been contained herein but only to the extent such provision (or part thereof) is invalid, illegal, or unenforceable.

13. Joint and Several Liability. If there is more than one person signing this Note as Borrower, the liability of each such person shall be joint and several, and without limiting the operation or effect of any other provision of this Note each such person waives: (a) any right to require Lender to: (i) proceed against any other Obligor, (ii) proceed against any particular property or collateral given by any person to secure this Note; or (iii) notify such person of any default by any other person in the payment of any amounts due under this Note or in the performance of any other agreement of any Obligor; and (b) any defense arising by reason of any of the following: (i) any disability or any counterclaim or right of set-off or other defense of any Obligor, (ii) the invalidity, illegality or lack of enforceability of this Note or any provision thereof from any cause whatsoever, including any action or inaction by Lender, (iii) the failure of Lender to perfect or maintain perfection of any security interest in any property securing this Note, (iv) the cessation from any cause whatsoever of the liability of any Obligor, including the release by Lender of such Obligor's liability hereunder, (v) that this Note shall be void or voidable as against any Obligor or any Obligor's creditors, including a trustee in bankruptcy of any Obligor, by reason of any fact or circumstance, (vi) any event or circumstance which might otherwise constitute a legal or equitable discharge of any Obligor's obligations hereunder, or (viii) any act or omission of Lender (except acts or omissions in bad faith) which changes the scope of such person's risk hereunder.

14. MUTUAL WAIVER OF JURY TRIAL. BORROWER AND LENDER WAIVE ALL RIGHTS TO TRIAL BY JURY OF ANY CLAIMS OF ANY KIND ARISING UNDER OR RELATING IN ANY WAY TO THIS NOTE. BORROWER AND LENDER ACKNOWLEDGE THAT THIS IS A WAIVER OF A LEGAL RIGHT AND REPRESENT TO EACH OTHER THAT THESE WAIVERS ARE MADE KNOWINGLY AND VOLUNTARILY AFTER CONSULTATION WITH COUNSEL OF THEIR CHOICE. BORROWER AND LENDER AGREE THAT ALL SUCH CLAIMS SHALL BE TRIED BEFORE A JUDGE OF A COURT HAVING JURISDICTION, WITHOUT A JURY.

15. Provisions Regarding Limitations on Recourse. This Note is subject to the provisions regarding limitations on recourse set forth in Section 7.16 of the Credit Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, and intending to be legally bound hereby, each undersigned Borrower executes this Note under seal as of the date first written above.

BORROWERS:

WITNESS:

Rhythms Netconnections, Inc., a Delaware corporation

By: _____ (SEAL)

Name:
Title:

WITNESS:

Rhythms Links Inc. - Virginia, a Virginia corporation

By: _____ (SEAL)

Name:
Title:

WITNESS:

Rhythms Links Inc., a Delaware corporation

By: _____ (SEAL)

Name:
Title:

WITNESS:

Rhythms Leasing Inc., a Nevada corporation

By: _____ (SEAL)

Name:
Title:

SCHEDULE 3.05 TO BE PROVIDED

SCHEDULE 3.07 TO BE PROVIDED

SCHEDULE 3.08 TO BE PROVIDED

SCHEDULE 3.09 TO BE PROVIDED

SCHEDULE 3.10 TO BE PROVIDED

SCHEDULE 3.11 TO BE PROVIDED

SCHEDULE 3.12 TO BE PROVIDED

SCHEDULE 3.17 TO BE PROVIDED

SCHEDULE 3.31 TO BE PROVIDED

SCHEDULE 4A.01(f) TO BE PROVIDED

SCHEDULE 4A.12 TO BE PROVIDED

Exhibit F

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	:	Chapter 11 Case Nos.
RHYTHMS NETCONNECTIONS INC.	:	01-14283 (BRL)
et al.,	:	through
	:	01-14287 (BRL)
Debtors.	:	(Jointly Administered)

INTERIM ORDER PURSUANT TO SECTIONS
364(c)(2), AND 364(c)(3) OF THE BANKRUPTCY CODE AND
FED. R. BANKR. P. 4001(c) AUTHORIZING DEBTORS TO OBTAIN
LIMITED RECOURSE SECURED POST PETITION FINANCING

A hearing having been held on September 24, 2001 (the "Interim Hearing") to consider the motion, dated September 17, 2001 (the "Motion"), of Rhythms NetConnections Inc, Rhythms Links Inc., Rhythms Links Inc. – Virginia and Rhythms Leasing Inc., as debtors and debtors in possession (collectively, the "Debtors"), seeking an order (a) authorizing and approving pursuant to section 364(c)(2), and 364(c) 3) of title 11, United States Code (the "Bankruptcy Code") and Fed. R. Bankr. P. 4001(c) on a permanent basis, that certain Limited Recourse Credit and Security Agreement, dated as of September 17, 2001, by and among the Debtors, as borrowers, and the lender party thereto (the "Lender") as the same may be amended, supplemented or otherwise modified from time to time (the "DIP Agreement"), and (b) pending a final hearing on the Motion pursuant to section 364(c) of the Bankruptcy Code and Fed. R. Bankr. P. 4001(c) (the

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the DIP Agreement.

“Final Hearing”), authorizing the Debtors to obtain under the DIP Agreement interim postpetition loan up to the aggregate principal amount of \$10,000,000 (the “Interim Loan”) secured, pursuant to sections 364(c)(2) and 364(c)(3) of the Bankruptcy Code, by first priority security interests in and liens on the Collateral, whether now owned or hereafter acquired or created, which Collateral comprises and is coextensive with the Assets to be acquired by Lender pursuant to that certain Asset Purchase Agreement dated September 17, 2001 by and among the Debtors and the Lender (the “Asset Purchase Agreement”) subject and subordinate only to Permitted Liens (as identified on Schedule 3.10 to the DIP Agreement), if any, and (c) scheduling the Final Hearing; and the Court having considered the Motion and the Exhibits thereto, the DIP Agreement, the Schedules and Exhibits thereto, and the responses to the Motion, if any; and the appearances of all interested parties having been noted on the record of the Interim Hearing; and upon the Motion, the papers in support thereof, the responses thereto, if any, and the record of the Interim Hearing; and after due deliberation and sufficient cause appearing therefor, it is

HEREBY FOUND AND DETERMINED:

A. This Court has jurisdiction over this proceeding and the parties in interest and properties and interests in properties affected by the Motion pursuant to 28 U.S.C. §§157 and 1334. Consideration of this Motion is a core proceeding under 28 U.S.C. §157(b). Venue of this proceeding is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Good and sufficient notice of the Interim Hearing to consider entry of this Order (including service of a copy of the Motion and the Exhibits thereto) has been given in accordance with the Order of the Court dated September 2, 2001. Such notice is sufficient for all purposes under the Bankruptcy Code, including, without limitation, sections 102(a) and 364 of the

Bankruptcy Code and the applicable Federal Rules of Bankruptcy Procedure, including, without limitation, Fed. R. Bankr. P. 2002 and 4001(c) in respect of the relief requested in the Motion.

C. On August 1, 2001 (the “Petition Date”), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors remain in possession of their assets and are authorized to continue the operation and management of their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

D. Prior to and since the Petition Date, the Debtors have sought to sell the business as a going concern, or obtain additional financing sufficient to pursue a reorganization of the business. In pursuit of this strategy, the Debtors obtained authority to conduct an auction of the business. After due deliberation, and subject to Court approval, the Debtors accepted the Lender’s bid to purchase certain tangible and intangible assets necessary to provide high speed data transmission to customers through digital subscriber line technology in markets served by 709 central offices (the “Assumed Central Office Locations”) and the network operations center located in Englewood, Colorado (the “Business”)(the “Sale Transaction”).

E. Contemporaneously with this Motion, the Debtors filed a Supplemental Notice, seeking, inter alia, approval of the sale of the Business to the Lender and authorization to assume and assign executory contracts between Sellers and Incumbent Local Exchange Carriers relating to collocations facilities (“Interconnection and Collocation Agreements”) and network service contracts that provide DS3 circuits only with respect to the Assumed Central Office Locations.

F. The Debtors cannot expend available funds or sources of working capital and financing needed to fund the operation of the Business pending the contemplated sale to the Lender pursuant to the Asset Purchase Agreement without significantly reducing the recoveries

of all creditors. Absent interim financing, the Debtors and their estates will not be able to continue the operation of the Business or consummate the sale of the Business to Lender and consequently, will suffer immediate and irreparable harm.

G. The Debtors have been unsuccessful in their attempts to obtain interim financing from sources other than the Lender on terms more favorable to the Debtors than the financing made available under the DIP Agreement. The Debtors have been unable to obtain interim unsecured credit solely under section 503(b) (1) of the Bankruptcy Code as an administrative expense. New credit on an interim basis is unavailable to the Debtors without securing such new credit and other obligations with liens on and security interests in the Collateral, subject and subordinate only to the Permitted Liens, if any. All liens on and security interests in the Collateral granted to any Debtor to secure any indebtedness owed by any other Debtor shall be subordinate to the liens and security interests created and granted herein.

H. The ability of the Debtors to finance the operation of the Business pending a closing of the Sale Transaction on a limited recourse basis, and the availability to them of sufficient working capital through the incurrence of new indebtedness for borrowed money is in the best interests of the Debtors and their respective creditors and estates and is imperative to facilitate the Sale Transaction.

I. The DIP Agreement and the transactions contemplated thereby, including, without limitation, the use of loan proceeds for the purposes set forth therein and on the attached Schedules and Exhibits, have no intended effect that is improper under the Bankruptcy Code. The DIP Agreement has been negotiated in good faith and at arm's length between the Debtors and the Lender, and any credit extended and loans made to or for the benefit of, any of the Debtors by the Lender, including, without limitation, the Interim Loan, shall be deemed to have

been extended and made in good faith within the meaning of section 364(e) of the Bankruptcy Code and in express reliance upon the protection afforded by Section 364(e) of the Bankruptcy Code.

J. The Interim Loan is required to meet the emergency cash requirements of the Debtors pending the Final Hearing and the closing of the Sale Transaction. Absent approval of the relief requested in the Motion and entry of this Order, the Debtors, their businesses, and their respective creditors and estates will suffer irreparable harm and the Debtors will be required to discontinue active operations immediately.

K. The relief requested in the Motion, including approval of the Interim Loan, is in the best interests of the Debtors and their respective creditors and estates, and is necessary to the continued operations and successful reorganization of the Debtors.

L. In order to effectuate the financing contemplated by the Credit Agreement, and the Sale Transaction contemplated by the Asset Purchase Agreement, it is necessary for the Debtors to reject the Interconnection and Collocation Agreements insofar as such contracts relate to central office locations other than the Assumed Central Office Locations. This Court finds expressly that the Interconnection and Collocation Agreements and network service contracts are severable and divisible for purposes of Section 365 of the Bankruptcy Code such that Debtors are entitled in accordance with the prior Order of this Court to reject such contracts and corresponding customer lines and DS3 circuits from the central offices to the hub locations effective immediately except to the extent that such contracts relate to the Assumed Central Office Locations.

For all of the foregoing and after due deliberation and sufficient cause appearing therefor, the Court ORDERS, ADJUDGES AND DECREES THAT:

1. With respect to the Interim Loan, the Motion is granted in all respects.
2. Pending entry of an order determining the permanent relief requested in the Motion, the DIP Agreement and each of the other Credit Documents are authorized and approved in all respects and the Debtors are (a) authorized to execute, if not previously executed, and deliver to the Lender each of the Credit Documents including, without limitation, the DIP Agreement and (b) authorized and directed to comply with their respective obligations under each of the Credit Documents.
3. Pending entry of an order determining the permanent relief requested in the Motion, the Debtors are authorized to borrow from the Lenders on an interim basis under the DIP Agreement up to an aggregate of \$10,000,000, on the terms and subject to the conditions set forth in the DIP Agreement, all such amounts to be available only for the express purposes of funding the Operating Expenses provided in the DIP Agreement, which purposes shall not be improper under the Bankruptcy Code, and for no other purposes.
4. Pending entry of an order determining the permanent relief requested in the Motion, the pledges of Collateral by the Debtors as security for their obligations under the Loan Documents are approved in all respects, including, without limitation, the security interests in and to the Interconnection and Collocation Agreements only with respect to the Assumed Central Office Locations.
5. Each of the Debtors is authorized and directed to effect all actions, to execute and deliver all agreements, instruments, and documents and to pay all present and future fees, costs, expenses, and taxes which may be required, necessary, or appropriate for the complete performance of its Interim Loan obligations under the DIP Agreement and each of the other Credit Documents, including the Note. Pending entry of an order determining the permanent

relief requested in the Motion, each of the Debtors is authorized and directed to pay without further order of the Court all present and future reasonable fees, costs, and expenses of the Lender incurred in connection with the DIP Agreement and the transactions contemplated thereby.

6. Pending entry of an order determining the permanent relief requested in the Motion, and as security for the full and complete repayment, performance, and satisfaction of the Debtors' Interim Loan obligations arising under the DIP Agreement, the Lender is hereby granted, effective immediately and without the necessity of the execution by the Debtors of financing statements, mortgages, security agreements, or otherwise, in accordance with section 364(c)(2) of the Bankruptcy Code, valid and perfected first priority security interests in and liens on all the Collateral, including, without limitation, the Interconnection and Collocation Agreements only with respect to the Assumed Central Office Locations and all proceeds and products of each of the foregoing, and pursuant to section 364(c)(3) of the Bankruptcy code, subject and subordinate only to Permitted Liens, if any. All liens on and security interests in the Collateral granted to any Debtor to secure any indebtedness owed by any other Debtor shall be subordinate to the liens and security interests created and granted herein. Upon the cessation of funding by the Lender under the DIP Agreement by reason of an occurrence of a default or event of default thereunder, the Assumed Contracts shall be deemed automatically rejected.

7. The Lender shall not be required to file financing statements, mortgages, notices of liens, or similar instruments in any jurisdiction or effect any other action to attach or perfect the security interests and liens granted under this Order and the DIP Agreement. Notwithstanding the foregoing sentence, the Lender may, in its sole discretion, file or cause the Debtors to file at the sole expense of the Debtors, such financing statements, mortgages, notices

of liens, or similar documents or instruments or otherwise confirm perfection of such liens, security interests, and mortgages as the Lender may require, and the automatic stay imposed under section 362 of the Bankruptcy Code shall be deemed modified for such purposes, and all such financing statements, mortgages, notices of liens, or similar documents or instruments shall be deemed to have been filed or recorded at the time and on the date of entry of this Order.

8. The security interests and liens granted to the Lender hereunder shall not be subject to any security interest or lien that is avoided and preserved for the benefit of estates of the Debtors under section 551 of the Bankruptcy Code.

9. Pending entry of an order determining the permanent relief requested in the Motion, the priorities, security interests, and liens granted to the Lender hereunder shall not be, in right of payment or priority, subordinated to or pari passu with, any claim, security interest or lien granted pursuant to section 364(c), 364(d), or 546(c) of the Bankruptcy Code, or otherwise, other than Permitted Liens, if any; it being expressly understood that the recourse under the Loan is limited to the Collateral and shall not give rise to an administrative claim against any of the Debtors.

10. Pending entry of an order determining the permanent relief requested in the Motion, the Debtors are authorized and directed to cooperate and comply with any reasonable requests as made by the Lender under the terms of the DIP Agreement.

11. Pending entry of an order determining the permanent relief requested in the Motion, the Debtors are authorized to incur secured indebtedness under the DIP Agreement and authorized and directed to make such payments to the Lender as are required or permitted under the terms of the DIP Agreement and the other Credit Documents.

12. The Debtors are (a) authorized to execute and deliver to the Lender any and all nonmaterial amendments to the DIP Agreement as approved by the Lender and the Debtors, without further order of the Court and (b) authorized and directed to comply with their respective obligations under any such amendment or amendments.

13. Subject to the provisions of the Credit Agreement, but in all events consistent with the claim and lien priorities granted by this Order and the Credit Documents to the Lender, the automatic stay provisions of Section 362 of the Bankruptcy Code are vacated and modified to the extent necessary so as to permit the Lender to exercise, upon the occurrence of an Event of Default and the giving of the written notice provided for in the Credit Agreement, all rights and remedies provided for in the Credit Documents and this Order.

14. In making decisions to advance funds under the Credit Documents or to collect indebtedness under the Credit Agreement and Credit Documents, the Lender shall not be deemed to be in control of the operations of the Debtors or to be acting as a “responsible person” or “owner or operator” with respect to the operation or management of the Debtors.

15. The provisions of this Order shall be binding upon and inure to the benefit of the Lender, the Debtors and their respective successors and assigns including, without limitation, any trustee hereinafter appointed for any of the estates of any of the Debtors. This provision shall not constitute a waiver by the Lender of any Default or Event of Default arising under the DIP Agreement upon the appointment of a trustee for any of the Debtors.

16. If any or all of the provisions of this Order or the DIP Agreement are hereafter reversed, modified, vacated, or stayed by subsequent order of this Court or by any other court, such reversal, modification, vacatur, or stay shall not affect the validity of any obligation to the Lender that is or was incurred by any of the Debtors pursuant to this Order and that is or was

incurred prior to the effective date of such reversal, modification, vacatur, or stay and shall not affect the validity and enforceability of any security interest, lien, or priority authorized, created, or granted by this Order or the DIP Agreement, and notwithstanding such reversal, modification, vacatur, or stay, any obligations of the Debtors pursuant to this Order or the DIP Agreement arising prior to the effective date of such reversal, modification, vacatur, or stay shall be governed in all respects by the provisions of this Order and the DIP Agreement, and the validity of any such obligation incurred, or security interest or lien authorized, granted or created, pursuant to this Order or the DIP Agreement is subject to the protection accorded by section 364(e) of the Bankruptcy Code.

17. To the extent any of the foregoing findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the foregoing conclusions of law constitute findings of fact, they are adopted as such.

18. A final hearing on the Motion shall be scheduled for _____, 2001 at _____, before The Honorable Burton R. Lifland, United States Bankruptcy Judge, in Room 625 of the United States Bankruptcy Court for the Southern District of New York (the "Court"), One Bowling Green, New York, New York, 10004. Objections shall be filed and served on Counsel for the Debtors, Counsel for the Official Committee of Unsecured Creditors, Counsel for WorldCom, and any other party requesting special notice, so as to be received on or before _____, 2001 at ____ p.m.

Dated: New York, New York
September __, 2001

United States Bankruptcy Judge

Exhibit G

SECRET

Vendor	Description	Reference Date
4 AT&T (A.K.A TCG) III Continental Towers, Floor 5 1701 E. Golf Road Rolling Meadows, IL 60008-4262	Inter Connection Agreement- DS3's	Earlier of the Closing Date or 12/31/2001
22 Epoch Internet 555 Anton Boulevard Costa Mesa CA 92626	Internet Services	Earlier of the Closing Date or 12/31/2001
23 Exodus Communications 2831 Mission College Blvd. Santa Clara, CA 95054-1838	Inter Connection Agreement COLO- Seattle	Earlier of the Closing Date or 12/31/2001
25 GST Time Warner 10475 Park Meadows Dr. Littleton, CO 80124	Inter Connection Agreement Time Warner DS3	Earlier of the Closing Date or 12/31/2001
31 ICG PO Box 6742 Englewood CO 80155-6742	Collocation	Earlier of the Closing Date or 12/31/2001
41 NEXTLINK Communications, Inc. 500 108th Avenue NE #2200 Bellevue WA 98004	Dedicated Transport Services	Earlier of the Closing Date or 12/31/2001
43 Peco Adelpia 401 City Ave Suite 509 Bala Cynwyd, PA 19004	Inter Connection Agreement	Earlier of the Closing Date or 12/31/2001
82 Telehouse 7 Teleport Dr Staten Island, NY 10311	Colocation Agreement	Earlier of the Closing Date or 12/31/2001
84 Time Warner Telecom 3120 Highwoods Boulevard Raleigh NC 27604 Copy to: Time Warner Telecom 5700 S. Quebec Englewood CO 80111	Collocation Equipment	Earlier of the Closing Date or 12/31/2001

	Description	
NETWORK CONTRACTS		
2	American Resource Corporation (ARC) 150 Main Old Towne Center Chesterfield SC 29709	Field Services Vendor
6	BellSouth Telecommunications, Inc. Ms. Tricia Wanner Manager 34 S. 91 675 W. Peachtree St., NE Atlanta, GA 30375 AL	Inter Connection Agreement
9	BellSouth Telecommunications, Inc. Ms. Tricia Wanner Manager 34 S. 91 675 W. Peachtree St., NE Atlanta, GA 30375 KY	Inter Connection Agreement
10	BellSouth Telecommunications, Inc. Ms. Tricia Wanner Manager 34 S. 91 675 W. Peachtree St., NE Atlanta, GA 30375 LA	Inter Connection Agreement
11	BellSouth Telecommunications, Inc. Ms. Tricia Wanner Manager 34 S. 91 675 W. Peachtree St., NE Atlanta, GA 30375 MS	Inter Connection Agreement
13	BellSouth Telecommunications, Inc. Ms. Tricia Wanner Manager 34 S. 91 675 W. Peachtree St., NE Atlanta, GA 30375 SC	Inter Connection Agreement

14	BellSouth Telecommunications, Inc. Ms. Tricia Wanner Manager 34 S. 91 675 W. Peachtree St., NE Atlanta, GA 30375 TN	Inter Connection Agreement	
15	Cincinnati Bell Telephone Company Mr. Steven Kritzer Director - Interconnection 201 E. Fourth St., Rm. 102-910 Cincinnati, OH 45201 KY	Inter Connection Agreement	
16	Cincinnati Bell Telephone Company Mr. Steven Kritzer Director - Interconnection 201 E. Fourth St., Rm. 102-910 Cincinnati, OH 45201 OH	Inter Connection Agreement	
19	CMA Consulting 14 Wade Rd Latham, NY 12110	Collocation (Pop- Albany)	
21	Electric Lightwave 4400 NE 77th Ave PO Box 8095 Vancouver, WA 98668-8905	Inter Connection Agreement DS3	
24	Frontier Communication 14450 Burnhaven Dr. Burnsville, MN 55337-0108	Inter Connection Agreement- Rochester	
28	GTE Network Services Ms. Sherri D. Sebring Wholesale Markets 600 Hidden Ridge, HQE03B56 Irving, TX 75038 OH	Inter Connection Agreement	
29	GTE Network Services Ms. Sherri D. Sebring Wholesale Markets 600 Hidden Ridge, HQE03B56 Irving, TX 75038 NC	Inter Connection Agreement	
32	International Wireless Communication 10700 N. Kendall Dr. Suite 300 Miami, FL 33176	Inter Connection Agreement DSL	
33	IX2 Networks, LLC. 1200 West 7th Street- Suite L2-240 Los Angeles, CA 90017	Collocation (Pop- LA)	

34	KMC Telecom II 1545 Route 206 #300 Bedminster NJ 07921 Copy to KMC Telecom 1100 Wanamaker #101 Topeka KS 66604	DS1 & DS3 Provider	
35	Level 3 1025 Eldorado Boulevard Broomfield CO 80021	Collocation, bundled services	
40	Net2Phone, Inc. 520 Broad Street 8th floor Newark NJ 07102	Voice over DSL	
42	Pacer International Inc. 7600 Leesburg Pike #202 West Falls Church VA 22043	Construction and Equipment Installation	
44	PNS Colorado, LLC 3250 Quentin Street #120 Aurora CO 80010	Installation Labor	
48	Qwest Corp. ATTN: Counsel, Interconnection 1801 California St., #2410 Denver, CO 80202 NE	Inter Connection Agreement	
51	Qwest Corp. ATTN: Counsel, Interconnection 1801 California Street, #2410 Denver, CO 80202 IA	Inter Connection Agreement	
52	Qwest Corp. ATTN: Counsel, Interconnection 1801 California Street, #2410 Denver, CO 80202 NM	Inter Connection Agreement	
53	Qwest Corp. ATTN: Counsel, Interconnection 1801 California Street, #2410 Denver, CO 80202 UT	Inter Connection Agreement	
54	Rush Creek Solutions 8136 S. Grant Way Littleton CO 80122	Field Services	
56	SBC ATTN: Contract Processing 311 S. Akard, 9th Floor Dallas, TX 75202 CT SNET (SBC)	Inter Connection Agreement	

59	SBC ATTN: Contract Processing 311 S. Akard, 9th Floor Dallas, TX 75202 KS	Inter Connection Agreement	
64	Snelling Personnel Services 8614 Westwood Center Drive Vienna VA 22182	Employee Placement	
65	Sprint - Florida, Incorporated Mr. Daryl A. Edwards Sr. Manager - Local Markets 6480 Sprint Parkway KSOPHM0310-3A410 Overland Park, KS 66251 FL	Inter Connection Agreement March 1, 2000	
66	Sprint - Florida, Incorporated Mr. Daryl A. Edwards Sr. Manager - Local Markets 6480 Sprint Parkway KSOPHM0310-3A410 Overland Park, KS 66251 FL	Master Network Interconnection and Resale Agreement, Interim Line Sharing Agreement Amendment between – Sprint Florida, Incorporated and Rhythms Links. Inc- Effective June 5, 2000	
67	Sprint	Sprint Line Sharing Agreements for the following states: AZ; NV; OH; NJ; MN; NC; PA; TN Dated June 5, 2000	
68	Sprint / Carolina Telephone & Telegraph Co. Mr. Daryl A. Edwards Sr. Manager - Local Markets 6480 Sprint Parkway KSOPHM0310-3A410 Overland Park, KS 66251 NC	Inter Connection Agreement	
69	Sprint / Central Telephone Company – North Mr. Daryl A. Edwards Sr. Manager - Local Markets Carolina Division 6480 Sprint Parkway KSOPHM0310-3A410 Overland Park, KS 66251 NC	Inter Connection Agreement	
70	Sprint / Central Telephone Company of Virginia Mr. Daryl A. Edwards Sr. Manager - Local Markets 6480 Sprint Parkway KSOPHM0310-3A410 Overland Park, KS 66251 VA	Inter Connection Agreement	

71	Sprint / United Telephone - Southeast, Inc. Mr. Daryl A. Edwards Sr. Manager - Local Markets 6480 Sprint Parkway KSOPHM0310-3A410 Overland Park, KS 66251 TN	Inter Connection Agreement	
72	Sprint / United Telephone - Southeast, Inc. Mr. Daryl A. Edwards Sr. Manager - Local Markets 6480 Sprint Parkway KSOPHM0310-3A410 Overland Park, KS 66251 VA	Inter Connection Agreement	
73	Sprint / United Telephone Company of New Jersey Mr. Daryl A. Edwards Sr. Manager - Local Markets 6480 Sprint Parkway KSOPHM0310-3A410 Overland Park, KS 66251 NJ	Inter Connection Agreement	
74	Sprint / United Telephone Company of Ohio Mr. Daryl A. Edwards Sr. Manager - Local Markets 6480 Sprint Parkway KSOPHM0310-3A410 Overland Park, KS 66251 OH	Inter Connection Agreement	
75	Sprint /United Telephone Company of Pennsylvania Mr. Daryl A. Edwards Sr. Manager - Local Markets 6480 Sprint Parkway KSOPHM0310-3A410 Overland Park, KS 66251 PA	Inter Connection Agreement	
76	Sprint Data Services 1099 18th St. Suite 1500 Denver, CO 80202	ATM Frame Relay - US	
77	Sprint Data Services 1099 18th St. Suite 1500 Denver, CO 80202	ATM Frame Relay - Canada	

78	Sprint Enterprise Network Services Legal Dept 11700 Old Katy Road #1300 Houston TX 77079	Web Support (Not for Network)	
79	Sprint Minnesota, Inc. Mr. Daryl A. Edwards Sr. Manager - Local Markets 6480 Sprint Parkway KSOPHM0310-3A410 Overland Park, KS 66251 MN	Inter Connection Agreement	
80	Sprint of Nevada Mr. Daryl A. Edwards Sr. Manager - Local Markets 6480 Sprint Parkway KSOPHM0310-3A410 Overland Park, KS 66251 NV	Inter Connection Agreement	
81	Tangent Fastnet 1335 Dublin Road #112A Columbus OH 43215	Field Services	
83	Texolutions, Inc. 25613 Dollar Street #4 Haywood CA 94544	Field Services	
85	Touch America Customer Service PO Box 2489 Omaha, NE 68103-2489	Inter Connection Agreement	
87	Verizon Communications Ms. Kimberly Caswell Vice President & General Counsel, Southeast Legal Department FLTC0007 Tampa, FL 33602 FL	Inter Connection Agreement	

90	<p>Verizon Wholesale Markets Director - Contract Performance & Administration 600 Hidden Ridge, HQEWMNOTICES Irving, TX 75038 DE Verizon</p> <p>COPY TO: Vice President & Associate General Counsel Verizon Wholesale Markets 1320 N. Court House Rd., 8th Floor Arlington, VA 22201</p>	Inter Connection Agreement	
93	<p>Verizon Wholesale Markets Director - Contract Performance & Administration 600 Hidden Ridge, HQEWMNOTICES Irving, TX 75038 NH Verizon</p> <p>COPY TO: Vice President & Associate General Counsel Verizon Wholesale Markets 1320 N. Court House Rd., 8th Floor Arlington, VA 22201</p>	Inter Connection Agreement	

97	<p>Verizon Wholesale Markets Director - Contract Performance & Administration 300 Hidden Ridge, HQEWMNOTICES Irving, TX 75038 RI BellAtlantic (Verizon)</p> <p>COPY TO: Vice President & Associate General Counsel Verizon Wholesale Markets 1320 N. Court House Rd., 8th Floor Arlington, VA 22201</p>	<p>nter Connection Agreement</p>	
102	<p>Qwest Corp. ATTN: Counsel, Interconnection 1801 California Street, #2410 Denver, CO 80202 Montana</p>	<p>nterconnection Agreement</p>	
110	<p>Verizon/GTE Virginia Verizon Wholesale Markets Director - Contract Performance & Administration 600 Hidden Ridge, HQEWMNOTICES Irving, TX 75038 DE Verizon</p> <p>COPY TO: Vice President & Associate General Counsel Verizon Wholesale Markets 1320 N. Court House Rd., 8th Floor Arlington, VA 22201</p>	<p>Interconnection Agreement</p>	

INFRASTRUCTURE CONTRACTS

		Description	
17	Choice Logistics 78 Ninth Avenue #433 New York NY 10011	Equipment Storage	
22	Corporate Express 13800 E. 39th Avenue Aurora, CO 80011	Office Supplies	
28	Dun & Bradstreet 3131 S. Vaughn Way #522 Aurora CO 80014	Software - Services Agreement	
33	GE Capital Fleet Services Three Capital Drive Eden Prairie MN 55344	Fleet Services	
34	Graebel Van Lines, Inc. 16346 East Airport Circle Aurora CO 80011	Household Moves	
40	Ideal Services Corporation PO Box 328 Greeley CO 80632	Vending Services	
72	Siebel 1855 S. Grant Street San Mateo CA 94402-2667	Software maintenance	
76	Syndesis 30 Fulton Way Richmond Hill Ontario L4B 1E6	consulting	
82	UNIX 2000, LLC PO Box 3977 Englewood CO 80155-3977	Computer Consultation	
86	Vitria 500 Ellis Street Mountain View CA 94043	Software Licensing and Service Agreement	
93	Corning	Purchase agreement for ADSL line splitters	

PROPERTY AND EQUIPMENT LEASES

	OFFICE/COLO	ADDRESS	LANDLORD
1	FLSMCA14	711-3 East Bidwell, Folsom, CA	Pan Pacific Retail Properties, Inc.- Sue Knapp, 6861 Douglas Blvd., PO Box 2695, Roseville, CA 95746
2	IRVNCA01	4902 Irvine Center Dr., Suite 202, Irvine, CA	Irvine Associates LP - Edward Najhigan
3	SNJSCA21	708 Charcot Ave, San Jose, CA	Orchard 209 Assoc. - Ralph Borelli, 1770 Technology Drive, San Jose, CA 95110
4	WNCKCA11	1676 N. California Blvd., Ste P-116 Walnut Creek, CA	Growers Square Inc. - Michael Kirby, c/o First Tennessee Bank, PO Box 100, Dept 197, Memphis, TN 38148

5	BSRNCA70	2680 Bishop Dr., Bldg. 1, Suite 124, Bishop Ranch, CA	Annabel Investment Company - Rolf Juergensen, PO Box 640, Sunset Development Company, San Ramon, CA 94583
6	LNBHCAXS N/P	4501 E. Carson St., Suite 202, Long Beach, CA	Douglas Center Partners - Jim Hira, 280 S. Beverly Dr. #405, Beverly Hills, CA 90212
7	NORGCA11	8832 Shirley Ave., #4, Northridge, CA 91324	R-K Properties - Venile Russon, PO Box 3088, Ventura, CA 93006
8	RDBHCAXF N/P	2701 - 190th St., Unit 6A, Redondo Beach, CA 90278	Masa Partners LLC, 2701 19th Street #201, Redondo Beach, CA 90278
9	SNJSCA02 N/P	160 West Santa Clara, San Jose, CA	W9/PHC Real Estate Limited Partners - Vicki Heri, For 160 W. Santa Clara, c/o Trammell Crow Co., PO Box 910110, Dallas, TX 75391-0110
10	SNJSCA15 N/P	3517 San Felipe, San Jose, CA	Parola Brothers - Gerald Parola, 15109 Yvonne Ct., San Jose, CA 95124
11	WLANCAXH N/P	12101-12115 Santa Monica Blvd., Los Angeles, CA	Consolidated Investments, Inc. - Connie Godkin, 15165 Ventura Blvd., Suite 140, Sherman Oaks, CA 91403
16	BREACA12	770 S. Brea Blvd., Suite 229, Brea, CA	770 Trust/ Tomlinson Enterprises, 250 W. Central Ave., Brea, CA 92821
18	MNRVCAXG	116 West Lime St., Suite B-100, Monrovia, CA	Wine of the Month Club - Paul Kalemkiarian, 116 West Lime St., Monrovia, CA 91016
19	DRHMNCXG	Rear of 5012 Neal Road, Durham, NC 27705	Chuck Wilson, 5012 Neal Rd., Durham, NC 27705
28	MNPKCA30	3000 Sand Hill Road Bldg. 4, Suite 180, Menlo Park, CA 94025	Sharon Land Company - Gary Wimmer, c/o Ford Land Co., 300 Sand Hill Rd, Bldg #4, Suite 180, Menlo Park, CA 94025
3	6933	6933 S. Revere Parkway Englewood, CO 80112	Colliers Bennett & Kahnweiler, 13900 E. Harvard Ave, #210, Aurora, CO 80014
4	12450	12450 E. Arapahoe Rd. Englewood, CO 80112	Etkin Johnson Group, 1512 Larimer Street, #325, Denver, CO 80202
5	7318	7318 S. Revere Parkway Pegasus I Englewood, CO 80112	Pegasus Realty Corp, Strawberry Hill Office Park, 3989 E. Arapahoe Rd., #300, Littleton, CO 80121
6	7328	7328 S. Revere Parkway Pegasus II Englewood, CO 80112	Pegasus Realty Corp, Strawberry Hill Office Park, 3989 E. Arapahoe Rd., #300, Littleton, CO 80121

7	7337	7337 S. Revere Parkway Englewood, CO 80112	RREEF, 7342 S. Alton Way, Unit 17A, Englewood, CO 80112 (Checks mailed to Chaparral Business Park Dept 02016 PO Box 39000 San Francisco, CA 94139-2016)
8	7307	7307 S. Revere Parkway Englewood, CO 80112	RREEF, 7342 S. Alton Way, Unit 17A, Englewood, CO 80112 (Checks mailed to Chaparral Business Park Dept 02016 PO Box 39000 San Francisco, CA 94139-2016)
9	7399	7399 S. Tucson Way Englewood, CO 80112	CB Richard Ellis, 4600 S. Syracuse, Denver, CO 80237 (checks sent to WKB Value Partners, LP, Arapahoe Industrial Center, Dept 994, Denver, CO 80291-0994)
10	Pitney Bowes Warehouse	12508 E. Briarwood Avenue Englewood, CO 80112	Colliers Bennett & Kahnweiler, 13900 E. Harvard Ave, #210, Aurora, CO 80014
11	Chicago Sales Office	300 Park Boulevard, Suite 355 Itasca, IL 60143	HP-300 Park Limited Ptnrship, c/o Hamilton Partners, Inc, 300 Park Blve., Suite 201, Itasca, IL 60143
12	New York Sales Office	110 Wall Street, Suites 7-3 & 7- 4 New York, NY	The 110 Wall Company, 345 Park Ave, New York, NY 10154
13	Los Angeles Sales Office	11150 Olympic Boulevard, Suite 1140, Los Angeles, CA 90064	Douglas Emmett Realty Fund, c/o Douglas Emmett & Co., 12121 Wilshire Boulevard, Suite 600, Los Angeles, CA 90025
14	Detroit Sales Office	34405 W. Twelve Mile Road, Suite 173, Farmington Hills, MI 48331	Arboretum Properties, LLC Phase I, 30100 Telegraph Rd, Suite 366, Bingham Farms, MI 48025
15	Vienna Sales Office	8603 Westwood Center Drive, 3rd Floor, Vienna, VA 22182	Westwood Buildings LP, c/o ARC Management, 8150 Leesburg Pike, Suite 1100, Vienna, VA 22182
16	Irvine Sales Office	18500 VonKarman Avenue, Suite 830, Irvine, CA 92612	Koll Center Irvine Number Two, c/o CB Richard Ellis, 18500 VonKarman Ave., Suite 120, Irvine, CA 92612
17	Atlanta Sales Office	555 North Point Center East, Suite 230, Alpharetta, GA 30022	Cousins Properties Inc., 2500 Windy Ridge Parkway, Suite 1600, Atlanta, GA 30339-5683
18	Eden Prairie Sales Office	9855 West 78th Street, Suite 320, Eden Prairie, MN 55344	Qubico, Inc., 9855 West 78th Street, Eden Prairie, MN 55344

19	Dallas Sales Office	Stanford Corporate Center, 14001 Dallas Parkway, Dallas, TX 75240	Crescent Real Estate Funding II, PO Box 841859, Dallas, TX 75284-1859
20	Houston Sales Office	909 Fannin, 20th Floor, Houston, TX 77010	Crescent Real Estate Funding, 14401 N. Dallas Pkwy. # 925, Dallas, TX 75240
21	Philadelphia Sales Office	International Plaza Two, Suite 415, Philadelphia, PA 19113	KB Fund II, 4343 Von Karman Avenue, Newport Beach, CA 92660
22	Phoenix Sales Office	2390 E. Camelback Rd, Suite 230, Phoenix AZ 85016-9002	East Camelback Road Inc., 2390 E. Camelback Rd, Suite 204, Phoenix AZ 85016-9002
23	San Diego Sales Office	8787 Complex Drive, Suite 200 San Diego CA 92123	FMS Properties, Ltd., 10601-A Tierrasanta Blvd, Suite 351 San Diego, CA
24	San Diego Sales Office #2	8787 Complex Drive, Suite 280 San Diego CA 92123	FMS Properties, Ltd., 10601-A Tierrasanta Blvd, Suite 351 San Diego, CA
25	San Ramon Sales Office	2680 Bishop Drive, Suite 124 San Ramon, CA 94583	Annadel Investment Company, PO Box 64 San Ramon, CA 94583
26	Boston Sales Office	332 Fanieul Hall Market Place Boston MA	Vantas Fanieul Hall Inc. 332 Fanieul Hall Market Place Boston MA
	Cisco Systems Master Lease Agreement	170 W. Tasman Drive, San Jose, CA 95134-1706	
2	GATX Capital Master Lease, including by not limited to #1903	Four Embarcadero Center, Suite 2200, San Francisco, CA 94111	N/A
3	GATX Capital Master Lease, including but not limited to #1981	Four Embarcadero Center, Suite 2200, San Francisco, CA 94111	N/A
1	DELL Financial Services L.P. Master Lease Agreement (Lease for PCs)	99355 Collections Center Drive, Chicago, IL 60693	N/A
2	Key Equipment Finance	1000 S. McCaslin Blvd., Superior, CO 80027	N/A
1	Sharp Capital Services Co.	P.O. Box 7023 Troy, Michigan 48007-7023	N/A
2	Sharp Electronics Corp.	P.O. Box 7023 Troy, Michigan 48007-7023	N/A
3	Sharp Finance Co.	P.O. Box 957 Paramus, NJ 07653	N/A
5	Pitney Bowes Credit Corp- Postage Meters #4184462001	2225 American Dr. Neenah, WI 54956-1005	N/A
6	Pitney Bowes Credit Corp- Postage Meters # 8275179002	2225 American Dr. Neenah, WI 54956-1005	N/A
7	Pitney Bowes Credit Corp- Postage Meters # 3991172001	2225 American Dr. Neenah, WI 54956-1005	N/A
8	Pitney Bowes Credit Corp- Postage Meters # 4655768001	2225 American Dr. Neenah, WI 54956-1005	N/A

9	Pitney Bowes Office Systems - Fax Copiers	12508 E. Briarwood Avenue, Suite 1-D Englewood, CO 80112	N/A
10	IKON Capital	7173 S. Havana Street #A Englewood, CO 80112	N/A
1	Automotive Rentals Inc.	P.O. Box 5039 Mt. Laurel, New Jersey 08054	N/A
3	GMAC #2G1WF52E1Y9202192	P.O. Box 12699, Glendale, AZ 85318-2699	N/A
4	GMAC #2G1WF52E8Y9339825	P.O. Box 12699, Glendale, AZ 85318-2699	N/A
5	GMAC #1GNDDT13W212111404	P.O. Box 12699, Glendale, AZ 85318-2699	N/A
6	GMAC #1GNDDT13W8YK220797	P.O. Box 12699, Glendale, AZ 85318-2699	N/A
7	GMAC #1GNDDT13W9Y2334050	P.O. Box 12699, Glendale, AZ 85318-2699	N/A
1	The Enclave # 9222C- Pinnacle Realty Management Co.	2155 S. Valley Highway, Suite 220, Denver, CO 80222	N/A
2	The Enclave # 9262G- Pinnacle Realty Management Co.	2155 S. Valley Highway, Suite 220, Denver, CO 80222	N/A
3	The Enclave # 9160F- Pinnacle Realty Management Co.	2155 S. Valley Highway, Suite 220, Denver, CO 80222	N/A
4	Manhattan Mini Storage	645 West 44th St, New York, NY 10036 space # 417 04 11 016	N/A
2	GE Capital Fleet Services	Risk Management 3 Capital Drive, Eden Prairie, MN 55344	N/A

SCHEDULE 4A.12*

Scheduled Excluded Property

Scheduled Excluded Property include all of Sellers' right, title or interest in or to any of the following assets, properties and rights expressly enumerated (collectively, the "Excluded Assets"): .

(a) Any security, vendor, utility or other deposits posted or paid by any Borrower, other than credits, prepaid expenses, advance payments and other prepaid items used in the operation of the Business;

(b) Any contracts or agreements other than the Assumed Contracts, the Assumed Central Office Locations, the Assumed Equipment Leases or the Assumed Real Property Leases, notwithstanding the foregoing, any additional contracts designated by Lender as Assumed Contracts shall constitute Collateral;

(c) Any assets and any rights under any plan or any agreement relating to employee benefits, employment or compensation of any Borrower or its respective employees;

(d) All claims and defenses (other than warranty claims relating to Equipment referred to in Section 2.1(c) and claims against WCom and its affiliates) which Sellers may have against any Person with respect to any Contract which have not been expressly assumed, but excluding accounts receivable;

(e) Any insurance policy, insurance claims, and insurance proceeds (other than insurance proceeds arising from damages to an Asset, which insurance proceeds shall constitute an Asset);

(f) The capital stock of the Sellers;

(g) Any real property interests, whether owned or leased, of any Seller, other than the Assumed Real Property Leases, and the Excluded Assets specifically includes, among others, the real property located at, 7801 South Chester, Englewood, Colorado 80112; and

(h) The shares of Series B Preferred Stock of At Home Network Solution, Inc, owned by Rhythms.

* Copies of all other Schedules to the Asset Purchase Agreement and the Credit and Security Agreement may be obtained by contacting Jennifer Feldsher, Esq. at Weil, Gotshal & Manges LLP at 212-310-8000.