

LAW OFFICES

DRINKER BIDDLE & REATH

SUITE 900

901 FIFTEENTH STREET, N.W.

WASHINGTON, D.C. 20005-2503

TELEPHONE: (202) 842-8800

FAX: (202) 842-8465

ORIGINAL
FILE COPY

PHILADELPHIA NATIONAL BANK BUILDING
1345 CHESTNUT STREET
PHILADELPHIA, PA 19107-3496
(215) 966-2700

SUITE 400
47 HALFISH STREET
POST OFFICE BOX 627
PRINCETON, NJ 08542-0627
(609) 921-6336

SUITE 300
1000 WESTLAKE DRIVE
BERWYN, PA 19312-2409
(610) 993-2200

February 4, 1997

910160-TJ

BY FEDERAL EXPRESS

Robert Vandiver
Executive Director
Florida Public Service Commission
2540 Shumard Oak Boulevard
Gunter Building
Tallahassee, FL 32399-0850

Re: Transfer of Outstanding Capital Stock of
Telecom One, Inc., to IXC Long Distance, Inc.

Dear Mr. Vandiver:

IXC Long Distance, Inc. ("IXC-LD") and Telecom One, Inc. ("Telecom One") (referred to jointly as the "Parties"), by their attorneys, hereby notify the Florida Public Service Commission ("Commission") of their intention to transfer control of all outstanding capital stock of Telecom One to IXC-LD. The Parties both hold Certificates of Public Convenience and Necessity, and there will be no transfer of certificates, permits or operative rights.

ACK _____
AFA _____ IXC-LD is a Delaware corporation and maintains its
APP _____ headquarters at 5000 Plaza on the Lake, Suite 200, Austin, Texas
CAF _____ 78746. IXC-LD is a wholly-owned subsidiary of IXC Communications,
CMU _____ Inc. ("IXC"), whose stock is traded on the NASDAQ Stock Market.
CTR _____ IXC-LD currently operates as a reseller of intrastate
EAG _____ interexchange services in forty-eight states, including Florida.
LEG _____ IXC-LD received its authority to provide telecommunications
LIN _____ services in Florida on July 5, 1995, in Docket No. 950259-TI.
_____ IXC-LD's certificate number is 4031. IXC-LD also provides
_____ interstate and international telecommunications services pursuant
_____ to authority of the Federal Communications Commission ("FCC").

OPC _____
RCH _____
SEC _____
WAS _____
OTH _____

DOCUMENT NUMBER-DATE

01345 FEB-55

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Telecom One is a Delaware corporation and maintains its headquarters at 1004 Woburn Court, Suite 100, McLean, Virginia 22101. Telecom One provides resold intrastate interexchange telecommunications services in twenty-one states, including Florida. Telecom One received its authority to provide telecommunications services in Florida on March 8, 1994, in Docket No. 931152-TI. Telecom One's certificate number is 3528. Telecom One also provides interstate and international telecommunications services pursuant to authority of the FCC.

As of January 10, 1997, IXC-LD and Telecom One executed a Stock Acquisition Agreement and Plan of Merger ("Agreement") pursuant to which IXC-LD will acquire all outstanding capital stock of Telecom One after requisite regulatory approvals have been obtained.¹ To accomplish the acquisition, IXC formed a wholly-owned subsidiary, IXC-Telecom One Acquisition Corp. ("Acquisition Corp."). At the closing of the proposed transaction, Acquisition Corp. will be merged with and into Telecom One. Telecom One will be the survivor of the merger.

In the merger, (i) the outstanding shares of capital stock of Telecom One will be converted into shares of IXC common stock and the right to receive additional shares of IXC common stock based on revenues and earnings of Telecom One during a period ending appropriately three years after the closing, and (ii) the outstanding shares of Acquisition Corp. will be converted into shares of capital stock of Telecom One. Following consummation of the merger, Telecom One will be a wholly-owned subsidiary of IXC. To complete the transaction, immediately following the consummation of the merger, IXC will contribute all of the outstanding shares of capital stock of Telecom One to its wholly-owned subsidiary, IXC-LD. Telecom One will become a wholly-owned direct subsidiary of IXC-LD. After consummation of the Agreement, employment agreements will be entered into with the current management of Telecom One.

IXC is financially well qualified to consummate the proposed transaction. In 1995, IXC issued and sold seven notes in the aggregate principal amount of \$285,000,000 to institutional and accredited investors, and in July 1996, its initial public

¹ A copy of the Agreement is attached hereto as Exhibit "A."

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offering of equity generated net proceeds (before expenses) of approximately \$83,000,000 in additional capital for the company.

Following the transfer of control transaction described herein, Telecom One will continue to operate under its own name and will remain the holder of its certification. Telecom One's and IXC-LD's current customers will not be affected adversely by the proposed acquisition. The transfer of stock will be made in a seamless fashion that will not affect the provision of telecommunications services in Florida. The management of Telecom One and the rates, terms, and conditions currently available to Telecom One's customers will not change as a result of the transaction. Similarly, following the transaction, IXC-LD will continue to provide services to end user customers with no change in rates, terms or conditions of service to its customers.

The stock transfer described above is clearly in the public interest. The proposed transaction will bring together IXC-LD and Telecom One, two rapidly growing resellers of interexchange telecommunications services. The combination of the two companies' resources and expertise will strengthen the companies' competitive positions in the interexchange marketplace in Florida and elsewhere.

The transaction will also combine the complementary management skills, background, and experience of IXC-LD and Telecom One, allowing the companies to capitalize and build on the diverse expertise of each company in providing telecommunications services to the public. In addition, IXC-LD and Telecom One will realize significant economic and marketing efficiencies and enhancements, permitting significant savings in operating costs and capital expenditures. In sum, the proposed stock transfer will benefit the public interest by enhancing the ability of IXC-LD and Telecom One to offer a full range of competitively priced services in the interexchange marketplace, thereby further invigorating competition in Florida.

It is the Parties' understanding that prior Commission approval is not required for the transaction described above. In the event, however, that the Commission determines that approval is required, please consider this letter as a request for expedited approval. Absent written notice to the contrary within thirty days of the date of this letter, the Parties will assume that no further action is required and will consummate the

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transaction as planned. Please contact the undersigned with any questions or comments regarding this transaction.

Respectfully submitted,

TELECOM ONE, INC. and
IXC LONG DISTANCE, INC.

By: 

Joe D. Edge
Mark F. Dever
DRINKER BIDDLE & REATH
Suite 900
901 Fifteenth Street, N.W.
Washington, D.C. 20005
(202) 842-8800

Attorneys for Telecom One, Inc.

By: 

James E. Magee
Kristie Stokes Hassett
REBOUL, MacMURRAY, HEWITT,
MAYNARD & KRISTOL
Suite 406
1111 19th Street, N.W.
Washington, D.C. 20036
(202) 429-0004

Attorneys for IXC Long Distance, Inc.

DOCUMENT NUMBER-DATE

01345 FEB-56

EPSC-RECORDS/REPORTING

STOCK ACQUISITION AGREEMENT AND PLAN OF MERGER

This STOCK ACQUISITION AGREEMENT AND PLAN OF MERGER (this "Agreement") is made and entered into as of this 10th day of January 1997, by and among IXC Communications, Inc. ("IXC"), a Delaware corporation, IXC Long Distance, Inc. ("IXC-LD"), a Delaware corporation, IXC-Telecom One Acquisition Corp., ("Acquisition Corp."), a Delaware corporation to be organized prior the Actual Closing, Telecom One, Inc. ("Telecom One"), a Delaware corporation, and William G. Rodi ("WGR"), Gordon Hutchins, Jr. ("GH") and William F. Linsmeier ("WFL") (WGR, GH and WFL are each referred to as a "Stockholder," and collectively, the "Stockholders").

R E C I T A L S

- A. Telecom One owns and operates a long distance telecommunications business (the "Business").
- B. WGR and GH own all of the issued and outstanding shares of Common Stock, par value \$.001 per share, of Telecom One and WFL owns all of the issued and outstanding shares of Nonvoting Common Stock, par value \$.001 per share, of Telecom One (collectively, the "Stockholders' Telecom One Stock"), which constitutes all of the outstanding capital stock of Telecom One. The number of shares owned by such persons are as follows: WGR - 462.5 shares; GH - 462.5 shares and WFL - 75 shares for a total of 1,000 shares of Stockholders' Telecom One Stock (the "Outstanding Number of Telecom One Shares").
- C. IXC-LD, a wholly owned subsidiary of IXC, desires to acquire, and the Stockholders desire to transfer, all of the outstanding capital stock of Telecom One. In the first part of the contemplated transaction, IXC will cause Acquisition Corp., its wholly owned subsidiary, to be merged with and into Telecom One (the "Merger") in accordance with this Agreement, such that after the Merger, Acquisition Corp. shall cease to exist and Telecom One shall be a wholly owned subsidiary of IXC. In the second and final part of the transaction, IXC will, immediately following the confirmation of the Merger, contribute all of the shares of Common Stock, par value \$.001 per share, of Telecom One to IXC-LD.
- D. For federal income tax purposes, it is intended that the Merger shall qualify as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code").
- E. The parties desire to enter into this Agreement pursuant to which the Stockholders' Telecom One Stock shall be converted into shares of IXC Common Stock (as defined below) and the right to receive additional shares of IXC Common Stock, and the

outstanding shares of Common Stock, par value \$0.01 per share, of Acquisition Corp. shall be converted into shares of Common Stock, par value \$0.001 per share, of Telecom One.

F. The Merger and the conversion of the Stockholders' Telecom One Stock described above shall be subject to and conditioned upon, among other things, the receipt by Telecom One of all of the Regulatory Approvals (as defined below).

AGREEMENT

In consideration of the foregoing recitals and the respective covenants, agreements, representations and warranties contained herein, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Defined Terms. For purposes of this Agreement, the following terms shall have the following meanings:

"Action" shall mean any action, claim, suit, litigation, proceeding, arbitration, mediation or other dispute.

"Ancillary Agreement" shall mean each other agreement executed in connection with this Agreement, the Employment Agreements, the Consulting Agreement, the Revised Independent Contractor Agreements, and the Registration Rights Agreements, each defined below.

"Average Monthly Base Revenue" shall mean the average monthly Base Revenue for the applicable period.

"Average Monthly EBITDA" shall mean the average monthly EBITDA for the applicable period.

"Average Monthly Off-Net Dedicated Revenue" shall mean the average monthly Off-Net Dedicated Revenue for the applicable period.

"Average Monthly Wholesale Revenue" shall mean the average monthly Wholesale Revenue for the applicable period.

"Base Revenue" shall mean Revenue for any period excluding Wholesale Revenue and Off-Net Dedicated Revenue for the same period.

"Books and Records" shall mean all books, ledgers, files, records, manuals and other materials (in any form or medium) related to the Business, including, but not limited to, all correspondence, personnel records, vendor lists, operation and quality control records and procedures, research and development files, Intellectual Property disclosures and documentation, accounting records and systems, litigation files, sales order files, purchase order files, advertising materials, catalogs, product brochures, mailing lists, customer lists, distribution lists, sales and promotional materials and all other records utilized by Telecom One in connection with the Business and all computer hardware, software and data files necessary to access or review or continue to compile or utilize any of the foregoing.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Deemed Closing Date" shall mean the date which is the last day of the month in which the conditions set forth in Section 7.7 and 8.7 have been satisfied.

"Deemed Closing Date Audit" shall mean the financial audit conducted by the Auditors of Telecom One's balance sheet as of the Deemed Closing Date.

"EBITDA" shall mean for any period an amount equal to the Net Income of Telecom One for such period, plus (i) all interest expenses (whether paid or accrued or capitalized) for such period to the extent deducted in computing Net Income for such period, plus (ii) the amount of taxes based on income or profits properly deducted in the determination of Net Income for such period, plus (iii) the amount of depreciation and amortization expense (including, without limitation, any amortization of goodwill of Telecom One) deducted in determining Net Income for such period (excluding amortization of prepaid cash expenses that were paid in a prior period), plus (iv) (except for cash compensation up to an aggregate of \$50,000 for such period, that WGR and GH both agree in writing is exempt from the add-back to EBITDA) the value of any cash compensation for any Stockholder for such period accounted for in computing Net Income for such period in excess of (A) the sum of the salary and base consulting fee that would have been paid during such period based upon the initial salary and base consulting fee rates set forth in the Employment Agreements and the Consulting Agreement, plus (B) the bonus paid to WFL for such period in accordance with Section 3.2 of WFL's Employment Agreement, plus (v) all expenses arising from or relating to an IXC Financing (defined in Section 10.7, below) (including, without limitation, interest expense) for such period to the extent deducted in computing Net Income for such period, minus (vi) interest income included in determining Net Income for such period, in each case determined in accordance with GAAP.

"Employee Benefit Plan(s)" shall mean any deferred compensation plan, bonus plan, profit sharing plan, stock option plan, employee stock purchase plan and any other employee benefit plan, agreement, arrangement or commitment (a) which Telecom One sponsors or to which Telecom One contributes or is required to contribute, or under which Telecom One may incur any liability, and (b) which covers an employee or former employee of Telecom One.

"Encumbrances" shall mean any claim, lien, pledge, option, charge, security interest, deed of trust, mortgage, restriction, encumbrance or other right of third parties, of any kind or nature.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute, including the rules and regulations promulgated thereunder.

"Final Installment" shall mean (i) 50% of the Final Valuation, less (ii) the Increase in Net Liabilities as of the Final Measurement Date.

"Final Measurement Date" shall mean November 30, 1999.

"Final Share Price" shall mean the average of the daily closing prices per share of IXC Common Stock for the twenty trading days ending with (and not including) the Final Measurement Date. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange on which the shares of IXC Common Stock are listed or admitted to trading or, if the shares of IXC Common Stock are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use, or, if on any such date, the shares of IXC Common Stock are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in IXC Common Stock selected by IXC.

"Final Valuation" shall mean the average of (A) eight times the Average Monthly Base Revenue calculated for the six full calendar months preceding the Final Measurement Date, and (B) 53.3 times the Average Monthly EBITDA calculated for the six full calendar months preceding the Final Measurement Date, in each case determined on the basis of the Telecom One financial statements produced from the Final Valuation Audit.

"Final Valuation Audit" shall mean the financial audit performed by a "Big Six" accounting firm (which will be Ernst & Young LLP or another such firm chosen by Telecom One (the "Auditors")) of Telecom One's balance sheet as of the Final Measurement Date and its statement of income for the six full calendar months preceding the Final Measurement Date.

"GAAP" means generally accepted accounting principles in the United States of America as in effect on the date of the Agreement.

"Increase in Net Liabilities" shall mean the positive amount, if any, by which the Net Liabilities at the Final Measurement Date, as set forth in the balance sheet that has been audited as part of the Final Valuation Audit, exceed the Net Liabilities at the Deemed Closing

Date, as set forth in the balance sheet that has been audited as part of the Deemed Closing Date Audit.

"Independent Contractors" shall mean those individuals listed as Independent Contractors on the Disclosure Schedule attached hereto, each of which has been engaged by Telecom One for the purpose of selling commercial long distance telecommunications services under the terms and conditions of an Independent Contractor Agreement signed by such individual with Telecom One.

"Intellectual Property" shall mean all of Telecom One's intellectual property rights including, without limitation, all of Telecom One's right, title and interest in and to (a) rights in any trademarks, trademark registrations and applications, service marks and trade names, copyrights, copyright registrations, trade secrets and business confidential information; (b) computer software programs and systems and documentation relating to the foregoing or used or useable in the Business; and (c) other proprietary information owned, controlled, created or used or useable by or on behalf of Telecom One in connection with the conduct of the Business in which Telecom One has any interest whatsoever, whether or not registered, including rights or obligations under any license agreement with any other person.

"Initial Installment" shall mean the dollar amount equal to (i) 50% of the Average Monthly Base Revenue Component, plus (ii) 100% of the Average Monthly Wholesale Revenue Component, plus (iii) 100% Average Monthly Off-Net Dedicated Revenue Component of the Initial Valuation, less (iv) the Net Liabilities as of the Deemed Closing Date, in each case (except for the Net Liabilities as of the Deemed Closing Date which shall be based upon Telecom One's audited balance sheet produced from the Deemed Closing Date Audit) based upon Telecom One's financial statements produced from the Initial Valuation Audit.

"Initial Measurement Date" shall mean November 30, 1996.

"Initial Share Price" shall mean the average of the daily closing prices per share of IXC Common Stock for the twenty trading days ending with (and not including) the third trading day prior to the date hereof. The closing price for each day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange on which the shares of IXC Common Stock are listed or admitted to trading or, if the shares of IXC Common Stock are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by NASDAQ or such other system then in use, or, if on any such date, the shares of IXC Common Stock are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in IXC Common Stock selected by IXC.

"Initial Valuation" shall mean (i) eight times the Average Monthly Base Revenue (the "Average Monthly Base Revenue Component"), plus (ii) two and one-half times the Average Monthly Wholesale Revenue (the "Average Monthly Wholesale Revenue Component"), plus (iii) two and one-half times the Average Monthly Off-Net Dedicated Revenue (the "Average Monthly Off-Net Dedicated Revenue Component"), all of which averages shall be calculated for the three full calendar months immediately preceding the Initial Measurement Date determined on the basis of the Telecom One financial statements produced from the Initial Valuation Audit.

"Initial Valuation Audit" shall mean the financial audit conducted by the Auditors of Telecom One's balance sheet as of the Initial Measurement Date and the procedures agreed upon by the Auditors and Telecom One for the revenues of Telecom One for three month period ending on the Initial Measurement Date.

"IXC Affiliate" shall mean IXC, IXC-LD and any direct or indirect subsidiary thereof.

"IXC Common Stock" shall mean shares of Common Stock, par value \$0.01 per share, of IXC. The issuance of the IXC Common Stock under this Agreement shall not be registered under the federal securities laws, and therefore, shall be "restricted stock" under such laws.

"IXC Network" shall mean the long distance telecommunications network of IXC and its subsidiaries.

"Laws" shall mean all federal, state or local statutes, regulations, ordinances, orders, decrees, or any other laws, common law theories or reported decisions of any state or federal court including, without limitation, now or at any time hereafter in effect, including, without limitation, any of the foregoing relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material.

"Net Income" shall mean for any period the net income (or loss) after taxes (excluding any extraordinary or non-reoccurring gain or loss and the related taxes realized in connection with any extraordinary or nonrecurring gain, or the extinguishment of any indebtedness) of Telecom One on a stand-alone basis, for such period taken as a single accounting period, determined in accordance with GAAP and consistent with past practice. For purposes of determining Net Income, the maximum amount of any charges incurred by Telecom One for management services provided by IXC-LD or any affiliate of IXC-LD under any management agreement entered into between the parties shall be \$5,000 per month and any charges in excess thereof shall be excluded for purposes of determining Net Income hereunder.

"Net Liabilities" as of any date shall mean the difference between (i) the total liabilities of Telecom One as of such date (excluding stockholders' equity and all liabilities attributable to any IXC Financing), less (ii) the total assets (less accumulated depreciation), determined in accordance with GAAP. In the event such total liabilities are less than such total

assets, Net Liabilities shall be zero. For purposes of the foregoing, Net Liabilities at the Deemed Closing Date shall reflect accrual for all legal and accounting fees and expenses of Telecom One relating to the transactions contemplated hereby, regardless of whether such amounts have been billed to Telecom One prior to the Deemed Closing Date. Net Liabilities as of the Final Measurement Date shall be reduced (but not below zero) by (i) the amount of any payments made by Stockholders to IXC-LD or any affiliate of IXC-LD (but not to Telecom One) as required by the indemnity set forth in Section 10.2(a), and (ii) by the amount of any dividends or similar distributions made prior to such date by Telecom One to IXC-LD or any affiliate of IXC-LD. Notwithstanding the foregoing, all fees, costs, and expenses incurred in connection with the Initial Valuation Audit and the Deemed Closing Date Audit shall not be reflected in Net Liabilities as of the Deemed Closing Date.

"Off-Net Dedicated Revenue" shall mean Revenue from dedicated services (i.e., long distance services that originate over the customer's dedicated local loop) provided on a telecommunications carrier other than an IXC Affiliate. For purposes of calculations made with reference to the Initial Measurement Date, however, it shall mean Revenue from dedicated services from the customers set forth in Exhibit A (such customers being those in areas in which no IXC Affiliate currently maintains a hub for switched services).

"Permits" shall mean all franchises, permits, licenses, qualifications, rights-of-way, easements, municipal and other approvals, authorizations, orders, consents and other rights from, and filings with, any governmental authority of any jurisdiction worldwide relating to the conduct of the Business.

"Post-Closing Advance" shall mean, \$350,000 (plus the amount, if any, that GH, WGR and IXC mutually agree should be advanced at the Closing for use in reducing payables of Telecom One) in cash to be paid by IXC-LD to Telecom One as an intercompany loan (accruing interest at an annual rate equal to IXC's internal cost of borrowing) following the Actual Closing (defined in Section 9.1, below), and which shall be used for working capital purposes and for the repayment of all principal and accrued interest on certain outstanding loans between Telecom One and the Stockholders (or family members of the Stockholders), as described in the Disclosure Schedule hereto.

"Regulatory Approvals" shall mean all necessary regulatory approvals from the Federal Communications Commission and state public service commissions, more fully described in Exhibit B attached hereto, required for the transfer of ownership or control over Telecom One that is to occur upon consummation of the Merger.

"Representatives" shall mean any officer, director, principal, stockholder, partner, attorney, accountant, advisor, agent, employee or other representative of a party hereto.

"Revenue" shall mean all revenue of Telecom One on a stand-alone basis during the relevant period less (i) proper reserves determined in accordance with GAAP and Telecom One's past practices (the parties acknowledge that revenues audited as part of the Initial

Valuation Audit, will have taken such proper reserves into account and no further adjustment for proper reserves will be necessary with respect to the audited revenues) and less (ii) all sales taxes, other pass-through taxes and customer credits, associated with that same period.

"Stockholder's Percentage" shall mean with respect to WGR, 46.25%, with respect to GH, 46.25%, and with respect to WFL, 7.50%.

"Tax(es)" shall mean all taxes, charges, fees, levies or other assessments imposed by and required to be paid to any federal, state, local, or foreign taxing authority, including, without limitation, income, excise, property, sales, transfer, ad valorem, payroll and franchise Taxes (including any interest, penalties or additions attributable to or imposed on or with respect to any such assessment) and any estimated payments or estimated Taxes.

"Tax Return" shall mean any return, report, information return or other document (including any related or supporting information) filed or required to be filed with any federal, state, local or foreign governmental entity or other authority in connection with the determination, assessment or collection of any Tax (whether or not such Tax is imposed on a Stockholder) or the administration of any Laws, regulations or administrative requirements relating to any Tax.

"TCO" shall mean TCO Network Services, Inc. (formerly known as AlterNet, Inc.).

"Telecom One Affiliate" shall mean WGR, GH, WFL and any relative or spouse of any of them (or any relative of such spouse), any trust or estate in which any of such persons owns a beneficial interest or of which any of such persons serves as trustee, executor or in any similar capacity, any corporation in which any of such persons are the beneficial owners of more than 5% of any class of equity securities, or any partnership or other entity in which any such person or party owns more than 5% of the outstanding partnership or comparable interests.

"Telecom One Affiliate Transaction" shall mean with respect to Telecom One, any contract, agreement, understanding, commitment, loan, advance or guarantee with, or for the benefit of, a Telecom One Affiliate, except for the Employment Agreements and the Consulting Agreement, and any payments thereunder, and the repayment by Telecom One of any loan made prior to the Actual Closing by a Telecom One Affiliate to Telecom One.

"Wholesale Revenue" shall mean Revenue from customers of Telecom One who resell telecommunications services provided by Telecom One to end-users.

ARTICLE 2
MERGER

2.1 Merger. On the terms and subject to the conditions of this Agreement, on the Effective Date (defined below), Acquisition Corp. shall be merged into Telecom One in a statutory merger in accordance with the Delaware General Corporation Law (the "DGCL") and Telecom One shall be the surviving corporation in the Merger. On and after the Effective Date, the separate existence and corporate organization of Acquisition Corp. shall cease, and Telecom One shall succeed to and possess all of the properties, rights, privileges and powers and be subject to all of the liabilities and obligations of Acquisition Corp., all without further act or deed.

2.2 Stockholder Approval. The Stockholders hereby approve this Agreement, hereby consent to the Merger described in Section 2.1 above and hereby waive any appraisal rights to which they may be entitled under the DGCL. IXC, as the sole stockholder of Acquisition Corp., hereby approves this Agreement, hereby consents to the Merger and hereby waives any appraisal rights to which it may be entitled under the DGCL, in accordance with the provisions of the DGCL and Acquisition Corp.'s Certificate of Incorporation.

2.3 Effective Date of Merger. As soon as practicable following the Actual Closing, Telecom One shall cause the certificate of merger (the "Certificate of Merger"), executed at the Actual Closing, to be filed with the Secretary of State of the State of Delaware in accordance with the DGCL. The Merger shall become effective at the time of the filing of the Certificate of Merger. The time and date on which the Merger shall become effective is referred to herein as the "Effective Date."

2.4 Certificate of Incorporation, Bylaws, Directors and Officers.

(i) Certificate of Incorporation. The Certificate of Incorporation of Telecom One as in effect at the Effective Date shall remain in effect and will be the Certificate of Incorporation of the surviving corporation, until amended in accordance with the DGCL.

(ii) Bylaws. The Bylaws of Telecom One, as in effect at the Effective Date, shall remain in effect until amended in accordance with the terms of such Bylaws.

(iii) Directors and Officers. The directors and officers of Telecom One immediately prior to the Effective Date shall be the directors and officers, respectively, of Telecom One, in each case, to serve until their respective successors are duly elected and qualified.

2.5 Conversion of the Acquisition Corp. Capital Stock. On the Effective Date and by virtue of the Merger, each outstanding share of Common Stock of Acquisition Corp., \$.01 par value per share ("Acquisition Corp. Stock"), shall be converted, without any action on the part of the holder thereof, into and represent the right to receive one share of the Common

Stock, \$0.001 par value per share, of Telecom One (the "Telecom One Common Exchange Stock"). On the Effective Date, Telecom One shall issue to IXC, upon tender of the Acquisition Corp. Stock, the number of shares of Telecom One Common Exchange Stock into which the Acquisition Corp. Stock has been converted as a result of the Merger.

2.6 Conversion of the Stockholders' Telecom One Stock. On the Effective Date and by virtue of the Merger, each share of Common Stock, par value \$0.001 per share, of Telecom One and each share of Nonvoting Common Stock, par value \$0.001 per share, of Telecom One, shall be converted, without any action on the part of the holder thereof, into: (i) a number of shares of IXC Common Stock equal to the Initial Share Amount divided by the Outstanding Number of Telecom One Shares, and (ii) the right to receive a number of shares of IXC Common Stock equal to the Final Share Amount divided by the Outstanding Number of Telecom One Shares, as described in Section 2.7(b), below (in each case, the aggregate number of such shares being issuable to any one of the Stockholders being subject to rounding as described below).

2.7 Consideration. In consideration for and in accordance with the conversion of the Stockholders' Telecom One Stock as described above, IXC shall issue and deliver to the Stockholders: (i) a number of shares of IXC Common Stock (the "Initial Share Amount") which, when multiplied by the Initial Share Price, equals the Initial Installment, and (ii) a number of shares of IXC Common Stock (the "Final Share Amount") which, when multiplied by the Final Share Price, equals the Final Installment (collectively, the Initial and the Final Installment are referred to as the "Consideration"). For purposes of calculating all numbers of shares hereunder issuable to any Stockholder at either the Actual Closing or at the time the Final Share Amount is to be issued, the aggregate number of shares of IXC Common Stock issuable by IXC to any Stockholder shall be rounded to the nearest whole share as required to avoid issuance of fractional shares. The Consideration shall be paid by delivery of one or more certificates of IXC Common Stock registered in the name of each Stockholder on the dates referred to in Section 2.7(a) and (b).

(a) Payment of Initial Installment. Subject to the conditions set forth herein, at the Actual Closing, IXC shall deliver to each Stockholder such Stockholder's Percentage of the Initial Share Amount.

(b) Payment of Final Installment. Within 45 days of the Final Measurement Date, IXC shall issue and deliver to each Stockholder his Stockholder's Percentage of the Final Share Amount.

(c) Adjustments Relating to Stock Splits and Other Events. If after the first date that enters into the calculation of the Initial Share Price and before the date on which the Initial Share Amount is actually issued and delivered to the Stockholders, the number of shares of IXC Common Stock outstanding shall be increased due to a subdivision of shares, the payment of a stock dividend, a stock split or any other change in capitalization effective without receipt of consideration by IXC, or if such outstanding shares shall have been changed into or

exchanged for a different number or kind of shares or other securities through a reorganization, recapitalization, reclassification, merger, consolidation, share exchange or similar transaction, then a proportionate adjustment in the number and an appropriate adjustment in the kind of securities issuable under Section 2.7(a) shall be made.

(d) If after the first date that enters into the calculation of the Final Share Price and before the date on which the Final Share Amount is actually issued and delivered to the Stockholders, the number of shares of IXC Common Stock outstanding shall be increased due to a subdivision of shares, the payment of a stock dividend, a stock split or any other change in capitalization effective without receipt of consideration by IXC, or if such outstanding shares shall have been changed into or exchanged for a different number or kind of shares or other securities through a reorganization, recapitalization, reclassification, merger, consolidation, share exchange or similar transaction, then a proportionate adjustment in the number and an appropriate adjustment in the kind of securities issuable under Section 2.7(b) shall be made.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF STOCKHOLDERS AND TELECOM ONE

The Stockholders and Telecom One hereby expressly acknowledge that IXC-LD and IXC, in agreeing to consummate the transactions contemplated by this Agreement, have relied upon the following representations and warranties, and no others, with respect to the Business and the Stockholders' Telecom One Stock, in their decision to purchase the Stockholders' Telecom One Stock pursuant to this Agreement. The Stockholders and Telecom One hereby represent and warrant to IXC-LD and IXC as follows, with such representations and warranties being made jointly (except as set forth below) and severally:

3.1 Organization and Qualification of Telecom One. Telecom One is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Telecom One has the requisite corporate power and authority to own, lease and operate its assets and properties and to conduct the Business in the manner in which it is presently conducted. Except as set forth in the Disclosure Schedule, Telecom One is duly qualified and licensed in each jurisdiction where the nature of the business conducted by it requires such qualification, except where the failure to so qualify would not have a material adverse effect upon Telecom One's financial condition or results of operations. Telecom One has delivered to IXC-LD true and complete copies of its Certificate of Incorporation and Bylaws. Except as set forth in the Disclosure Schedule, Telecom One has no subsidiaries or affiliated companies and does not otherwise own or control directly or indirectly, any equity interest in any corporation, association or business entity.

3.2 Capitalization of Telecom One. The authorized capital stock of Telecom One consists solely of 10,000 shares of Common Stock, par value \$.001 per share, and 1,000 shares of Nonvoting Common Stock, par value \$.001 per share. The Outstanding Number of Telecom One Shares set forth in paragraph B of the recitals hereto constitutes the total number of shares

of Common Stock and Nonvoting Common Stock of Telecom One issued and outstanding. Other than this Agreement, and except as set forth on the Disclosure Schedule, there is not outstanding any subscription, option, warrant, call, right or other agreement or commitment obligating Telecom One or any of the Stockholders to issue, sell, deliver or transfer (including any right of conversion or exchange under any outstanding security or other instrument) any shares of the Stockholders' Telecom One Stock or any shares of any other capital stock of Telecom One.

3.3 Title to the Stockholders' Telecom One Stock. Each Stockholder represents as to himself only that he owns beneficially and of record the number of shares of the Stockholders' Telecom One Stock as set forth in paragraph B of the recitals hereto, free and clear of all Encumbrances affecting his ability to transfer such shares as contemplated by this Agreement. All of the shares of the Stockholders' Telecom One Stock are duly and validly authorized, issued and outstanding, fully paid, non-assessable.

3.4 Authorization. Telecom One has the requisite corporate power and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to perform any of its obligations hereunder. Each of the Stockholders has the requisite power and authority to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to perform any of his obligations hereunder. All actions and proceedings on the part of Telecom One, its officers, directors and stockholders necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly taken or will be taken prior to the Actual Closing Date.

3.5 Due Execution and Delivery; Binding Obligations. This Agreement has been duly executed and delivered by Telecom One and the Stockholders. This Agreement constitutes the legal, valid and binding agreement and obligation of Telecom One and the Stockholders, enforceable against them in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or similar Laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability and except as rights of indemnity or contribution may be limited by federal or state securities or other laws or the public policy underlying such Laws.

3.6 Compliance with Other Instruments. Except as set forth in the Disclosure Schedule: (a) Telecom One is not in violation of any term of its Certificate of Incorporation or Bylaws, or in any material respect of any term or provision of any material mortgage, indebtedness, indenture, contract, agreement, instrument, order, writ, injunction, judgment or decree; (b) Telecom One is not in violation in any material respect of any material order, statute, rule or regulation applicable to Telecom One, its officers, directors and stockholders; and (c) Telecom One has all material licenses, permits and certificates from governmental agencies necessary for the conduct of its business as now conducted. To the best knowledge of the Stockholders, no claim has been made by any governmental authority to the effect that the

business conducted by Telecom One fails to comply, in any respect (and no such claim is anticipated by Telecom One), with any law, rule, regulation, or ordinance.

3.7 No Conflict or Violation. Subject to Telecom One's receipt of the Regulatory Approvals, neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will result in: (a) a violation of, or a conflict with, Telecom One's Certificate of Incorporation, Bylaws or any subscription, stockholders' or similar types of agreements or understandings to which Telecom One or any Stockholder is a party thereto; (b) a material breach of, or a material default (or an event which, with notice or lapse of time or both would constitute a material default) under or result in the termination of, or accelerate the performance required by, or create a right of termination or acceleration under, any material Contract, agreement, instrument, license, Encumbrance or Permit to which Telecom One is a party or by which Telecom One or the Business is bound, other than Telecom One's S corporation status; (c) the payment by, or the creation of any obligation (absolute or contingent) to pay on behalf of Telecom One of any severance, termination, "golden parachute" or other similar payments pursuant to any employment or other agreements of Telecom One, except as contemplated by this Agreement, the Employment Agreements and the Consulting Agreement; (d) a violation by Telecom One or the Stockholders of any Law, order, judgment, writ, injunction decree or award to which Telecom One or any of the Stockholders is a party or by which it is bound; or (e) an imposition of any material Encumbrance on Telecom One or its assets.

3.8 Consents and Approvals. Except as set forth on the Disclosure Schedule, the execution and delivery of this Agreement by Telecom One and the Stockholders, and the consummation of the transactions contemplated hereby, do not and will not require Telecom One or any Stockholder to obtain as of the Actual Closing Date any authorization, registration or filing with, or consent or approval of, any Person, including, without limitation, any federal, state or other governmental authority or regulatory body, other than the filing of the Certificate of Merger as contemplated by Section 2.3, above, any state and federal filings that may be required under applicable securities Laws and the Regulatory Approvals.

3.9 Financial Statements. Telecom One has furnished to IXC-LD copies of: (a) the unaudited balance sheets of Telecom One as of December 31, 1995 and 1994, and the related statements of income and stockholders' equity for the years then ended, (b) Telecom One's unaudited balance sheet (the "Balance Sheet") as of September 30, 1996 (the "Balance Sheet Date"), and the related statement of income for the period beginning January 1, 1996 and ending on September 30, 1996, and (c) Telecom One's unaudited balance sheet as of October 31, 1996, and the related statement of income for the period beginning January 1, 1996 and ending on October 31, 1996. Except as set forth on the Disclosure Schedule, the financial statements referred to in this Section 3.9 (the "Financial Statements") have been prepared in accordance with GAAP, applied on a consistent basis, and fairly present in all material respects the financial condition of Telecom One as at the respective dates thereof and the results of operations of Telecom One for the respective periods covered by the statements of income contained therein, subject, to the absence of notes and to normal recurring year-end adjustments.

3.10 Undisclosed Liabilities. Except as set forth on the Disclosure Schedule, Telecom One does not have any liabilities or obligations (absolute, accrued, contingent or otherwise) related to the Business or the Stockholders' Telecom One Stock required to be disclosed in a balance sheet prepared in accordance with GAAP (or, to the best knowledge of Telecom One or the Stockholders, any such material liabilities or obligations which are not required to be disclosed in a balance sheet, except for liabilities and obligations under any agreement, contract or commitment to which Telecom One is a party or by which any of its properties or assets is bound), except (a) liabilities reflected on the Balance Sheet, and (b) liabilities incurred since the Balance Sheet Date in the ordinary course of conducting the Business.

3.11 Absence of Certain Changes or Events. Since the Balance Sheet Date, except as set forth on the Disclosure Schedule and except as contemplated herein there has not been:

(a) Any material adverse change in the financial condition, earnings, or business of Telecom One ("Material Adverse Change").

(b) Any destruction, damage to, or loss of any of Telecom One's material assets (whether or not covered by insurance) used in the Business;

(c) Any change in accounting methods or practices by Telecom One (including, without limitation, any change in depreciation, amortization or valuation policies or rates) or revaluation of any of its assets, liabilities or reserves reflected on the Balance Sheet, or any change in any assumption underlying or methods of calculating any bad debt, contingency or other reserves related to the Business;

(d) Except in the ordinary course of business consistent with past practice: an increase in the salary or other compensation payable or to become payable by Telecom One to any of its officers, directors, independent contractors or employees; the declaration, payment, or commitment or obligation of any kind for the payment, by Telecom One, of a bonus or other additional salary or compensation to any such person; the repayment by Telecom One of any loan from such person; or the payment by Telecom One of any dividends, distributions or any other payments in respect of the shares of capital stock of Telecom One whether in cash or property, to any such person.

(e) Any amendment or termination of any Contract, Permit or other agreement related to Telecom One's assets or the Business, or by which Telecom One or any of its material assets or properties used or useable in connection with the Business are subject, other than an amendment or termination made in the ordinary course of business consistent with past practice which, except as otherwise permissible under subparagraph (d) above, is explicitly approved by IXC-LD;

(f) Any cancellation of indebtedness or waiver or release of any material right or claim of Telecom One related in any way to the Business, other than a cancellation, waiver

or release made in the ordinary course of business consistent with past practice which is explicitly approved by IXC-LD;

(g) Any declaration of or agreement to declare or make, any payment or distribution of any material assets used or useable in connection with the Business of any kind whatsoever;

(h) Any material sales, transfers, disposal of or agreements to sell, transfer or otherwise dispose of any of the assets, properties or rights of Telecom One related to the Business, other than sales, transfers, disposals of or agreements made in the ordinary course of business consistent with past practice which are explicitly approved by IXC-LD;

(i) Any capital expenditure or incurring of any obligation to make any capital expenditure in connection with the conduct of the Business;

(j) Any making of any loan by Telecom One to any person or entity;

(k) Any creation or assumption of any mortgage, pledge or other Encumbrance on any material asset of Telecom One;

(l) Any failure to pay or satisfy when due any obligation of Telecom One except where such failure would not constitute a Material Adverse Change;

(m) To the best of the Stockholders' or Telecom One's knowledge, any other event or condition of any character which it is reasonable to expect will, individually or in the aggregate constitute a Material Adverse Change; or

(n) Any agreement by Telecom One or the Stockholders to do or cause any of the things described in clauses (a) through (l), above.

3.12 Properties. The Disclosure Schedule sets forth a complete and correct list of all tangible assets owned by Telecom One as of the Balance Sheet Date which have an original book value in excess of \$2,000 and that have been treated as capital assets. Telecom One does not own any fee interest in real property. Except as set forth on the Disclosure Schedule, Telecom One has good title to, or a valid leasehold interest in, or a valid license to use, all of the personal property used in and material to the Business, in each case free and clear of all Encumbrances, except for security interests shown on Telecom One's financial statements as securing certain liabilities, purchase money security interests incurred in connection with the purchase of assets after the Balance Sheet Date and those relating to assets held under capitalized leases. All tangible personal property owned or leased by Telecom One is in good order and operating condition, ordinary wear and tear excepted, and free, to the best knowledge of the Stockholders, from any defects, except for such minor defects which do not substantially interfere with the continued use thereof in the conduct of normal operations in the manner and to the extent such assets are presently being used.

3.13 Intellectual Property.

(a) Set forth in the Disclosure Schedule is a complete and correct list of all of the material Intellectual Property. Except as set forth on the Disclosure Schedule, (a) the Intellectual Property is owned by Telecom One or Telecom One has a valid license or other right to use the same, (b) neither Telecom One nor the Stockholders have received any notice or claim disputing Telecom One's right to own or use any such Intellectual Property, and (c) to the best knowledge of the Stockholder, Telecom One's right to own or use the Intellectual Property is not disputed by any third party. Except as set forth on the Disclosure Schedule, the Intellectual Property is owned by Telecom One free and clear of any Encumbrances. To Stockholder's knowledge, Telecom One is not infringing upon or otherwise acting adversely to any property owned by any other person with respect to the Intellectual Property which has been received and used by Telecom One, nor is there any Action by any person pending or threatened with respect thereto.

(b) The Disclosure Schedule accurately discloses all material license, sublicense or agreements by which Telecom One holds or has given to others the right to use the Intellectual Property. Telecom One is not in default in any material respect and, to the Stockholder's knowledge, no third party is in default, under any such license, sublicense or agreement.

(c) Telecom One has provided IXC-LD with a copy of the form or forms of agreements used by Telecom One to protect its proprietary information and trade secrets and otherwise to protect the Intellectual Property, including without limitation, any non-solicitation agreements. The Disclosure Schedule sets forth a complete and accurate description of such agreements which have been entered into by and between Telecom One and other persons or entities.

3.14 Leases. The Disclosure Schedule sets forth a true, correct and complete list of all leases, subleases, licenses and other occupancy or lease agreements, together with all amendments, supplements and nondisturbance agreements pertaining thereto, under which Telecom One leases, subleases, licenses, occupies or uses any real or material physical personal property (the "Leases"). All of the Leases are, to the best knowledge of the Stockholders, in good standing, legal, valid, binding and in full force and effect, all rents and additional rents due to date under each such Lease have been paid in full by Telecom One, unless reasonably disputed by Telecom One, and there is not under any of such Leases any existing material default, violation or breach by Telecom One or event or condition which after notice or lapse of time or both would constitute a default, violation or breach. The Stockholders have provided IXC-LD with true and correct copies of all such Leases.

3.15 Receivables. All receivables of Telecom One which are reflected in the Balance Sheet and all such receivable which have arisen since the Balance Sheet Date have arisen only from bona fide transactions in the ordinary course of business. To the best knowledge of the Stockholders, there are no facts or circumstances which would result in any material increase

in the uncollectability of such receivables as a class in excess of the reserves therefor set forth on the Balance Sheet. The Disclosure Schedule lists as of September 30, 1996, all receivables of Telecom One, which list taken on an aggregate basis is materially accurate. Such list also includes the amount owing, the aging of each such receivable and the name of the party from whom such receivable is owing.

3.16 Contracts.

(a) The Disclosure Schedule contains a complete and correct list of all material agreements, contracts and commitments (collectively, the "Contracts"), whether written or oral, (i) to which Telecom One is a party or by which it is bound, or (ii) by which any of the assets, properties or the Business is bound, and in either case, which constitute:

(i) Mortgages, indentures, security agreements, and other agreements and instruments relating to the borrowing of money by or from, or any extension or credit to or from, Telecom One;

(ii) Sales agency or material marketing agreement;

(iii) Agreements or commitments for capital expenditures;

(iv) Brokerage or finder's agreements;

(v) Partnership, joint venture or other arrangements or agreements involving a sharing of profits or expenses;

(vi) Contracts or commitments to sell, lease or otherwise dispose of any assets, properties or business other than in the ordinary course of the Business;

(vii) Contracts or commitments limiting the freedom of Telecom One to compete in any line of business or in any geographic area or with any person;

(viii) Other agreements, contracts and commitments which in any case involve payments or receipts of more than \$10,000 per annum; and

(ix) Any other agreements, contracts and commitments material to the Business, operations or financial condition of Telecom One;

(b) Telecom One has delivered to IXC-LD or its Representatives complete and correct copies of all written Contracts, together with all amendments thereto, described in Section 3.16(a), and accurate descriptions of all oral Contracts described in Section 3.16(a). All of such Contracts to the best of Stockholders' knowledge are valid and in full force and effect and Telecom One has duly performed in all material respects all of its obligations under each such Contract to the extent those obligations have accrued and no default, violation or breach

by Telecom One under any such Contract has occurred which affects the enforceability of such Contract or any parties' rights thereunder.

3.17 Customer Contracts. The Disclosure Schedule sets forth a correct and complete list of the 20 largest customers (by sales volume) (the "Major Customers") of the Business during the 12-month period ended at the Balance Sheet Date indicating the sales to such Major Customers within such period and listing any existing contracts between such Major Customer and Telecom One. As of the Balance Sheet Date, neither Telecom One nor any of the Stockholders had any outstanding Contracts with any Major Customer requiring material payments or material credits by Telecom One to such customers, except as described on the Disclosure Schedule. Except as set forth in the Disclosure Schedule, there are no outstanding disputes with any Major Customer and, to the best knowledge of the Stockholders as of the date hereof, no Major Customer has refused to do business with Telecom One or has stated its intention not to continue to do business with or increase or reduce its purchases from Telecom One upon consummation of the transactions contemplated hereby.

3.18 Employment Matters; Employee Benefits.

(a) The Disclosure Schedule sets forth a complete and correct list of all the names, current annual rates of salary, bonuses, employee benefits, accrued vacation times, sick pay and other compensation of all the present employees and agents (other than Independent Contractors) of Telecom One who provide services in connection with the Business and whose current annual cash compensation from Telecom One (salary and bonus) is expected to equal or exceed \$2,000. To the best of knowledge of the Stockholders, no employee or agent of Telecom One is in violation of any term of any employment contract, confidentiality agreement or other contract or agreement relating to the relationship of such employee with Telecom One, or to the best of Stockholders' knowledge, any other party, because of the nature of the Business now conducted or proposed to be conducted by Telecom One. Except as disclosed in the Disclosure Schedule, there are no employment or consulting contracts or arrangements, including pensions, bonus or profit sharing plans, or other severance or termination contracts or arrangements which constitute contractual obligations of Telecom One not terminable on 30 days' notice. As of the date hereof, no key employee of Telecom One terminated his or her relationship with Telecom One since the Balance Sheet Date, and as of the date hereof, no current key employee has indicated any present or future intention to terminate his or her relationship with Telecom One.

(b) The Disclosure Schedule contains a complete and correct list of all material Employee Benefit Plans. Telecom One has delivered to IXC-LD or its Representatives complete and correct copies of all written Employee Benefit Plans, together with all amendments thereto. All such Employee Benefit Plans comply with the provisions of and have been administered in compliance with the provisions of the ERISA to the extent applicable and Telecom One is not in material default under or in violation of any of such Employee Benefit Plans.

(c) The Disclosure Schedule contains a list of the Independent Contractors who, together with the Stockholders, are responsible for customer accounts representing at least

85% of the monthly revenue of Telecom One. The Revised Independent Contractor Agreements for the Independent Contractors listed on the Disclosure Schedule represent, to the best knowledge of the Stockholders, valid and binding agreements and obligations of each of the Independent Contractors fully enforceable by Telecom One. Except as set forth in the Disclosure Schedule, as of the date hereof, no Independent Contractor has terminated his or her relationship with Telecom One since the Balance Sheet Date, and, except as contemplated by this Agreement, no Independent Contractor has communicated to Telecom One any present or future intention to terminate his or her relationship with Telecom One.

3.19 Transactions with Affiliated Parties. Except as disclosed in the Disclosure Schedule, no director, officer, employee, stockholder, partner or agent of Telecom One, and none of their respective spouses or children, no trust of which any such person is the grantor, trustee or beneficiary, any corporation of which any such person or party is a controlling stockholder, employee, officer or director, or any partnership or other entity in which any such person or party owns an interest (all such persons, trusts, corporations and partnerships being herein referred to collectively as "Affiliated Parties" and individually as an "Affiliated Party"). has, or has had, any interest in any property used in the Business. Except as disclosed in the Disclosure Statement, to the best knowledge of the Stockholders, no Affiliated Party is a party to any agreement, contract or commitment with Telecom One.

3.20 Certain Payments. Neither the Stockholders, Telecom One, nor to the Stockholders' knowledge, any person or other entity has, directly or indirectly, on behalf of or with respect to Telecom One: (a) made an unreported political contribution; (b) made or received any material payment which was not legal to make or receive; (c) engaged in any material transaction or made or received any material payment which was not properly recorded in the Books and Records; or (d) created or used any "off-book" bank or cash account or "slush fund."

3.21 Taxes. Except as set forth in the Disclosure Schedule, all Taxes which are due and payable by Telecom One have been paid in full and any Taxes that become due and owing by Telecom One before the Actual Closing Date (whether or not shown on any Tax Return) will be paid, other than Taxes which are not delinquent and subject to a late payment; all Tax Returns required to be filed in connection therewith have been accurately prepared and duly and timely filed, or will be accurately prepared and duly and timely filed, and all deposits required by Law to be made by Telecom One with respect to any such Taxes have been duly made. Telecom One is not delinquent in the payment of any Taxes nor does Telecom One have any Tax deficiency or claim outstanding, proposed or assessed against it, and there is no basis for any such deficiency of claim. There is not now in force any extension of time with respect to the date on which any Tax Return was or is due to be filed by or with respect to Telecom One, or any waiver or agreement by Telecom One for the extension or the assessment of any Tax. Telecom One has withheld and paid all Taxes required to be withheld and paid by Telecom One in connection with amounts paid or owing to any employee, creditor, stockholder or other third parties. There are no liens on any of the assets of Telecom One as a result of any Tax liabilities except for Taxes not yet due and payable. Telecom One has made available to IXC-LD

complete and correct copies of all federal, state, local and foreign income or franchise Tax Returns for the last three taxable periods for which such Tax Returns have been filed and will deliver copies of Tax Returns filed by Telecom One after the date hereof and before the Actual Closing Date. Telecom One is not required to file a Tax Return in any state or local jurisdiction for any tax period except in the jurisdiction in which it has filed. Telecom One has delivered to IXC-LD complete and correct copies of all audit reports (or portions thereof) and statements of deficiencies assessed against or agreed to by Telecom One for any taxable period ending on or after December 31, 1993.

3.22 Pending Litigation. Except as disclosed on the Disclosure Schedule, there is no pending or, to the Stockholders' knowledge, threatened Action or investigation, at Law or in equity or otherwise, in, for or by any court or governmental board, commission, agency, department or office involving Telecom One arising from, relating to or affecting (a) the past, present or proposed operations of the Business, (b) any alleged act or omission of Telecom One, a Stockholder or any of Telecom One's officers, directors or employees, or (c) the consummation of the transactions contemplated hereby.

3.23 Compliance with Laws. Except as set forth in the Disclosure Schedule, Telecom One has complied in all material respects with all existing material Law now or hereafter applicable to the Business, as presently conducted, including, without limitation, (a) all Environmental Laws, and (b) all provision of material Law relating to labor relations, equal employment practices, fair employment practices, entitlement, prohibited discrimination, terms and conditions of employment, wages and hours, or other similar employment practices or acts. Neither the Stockholders nor Telecom One has received any notice from or otherwise been advised that any governmental authority or other person is claiming any violation or potential violation of any Law.

3.24 Permits. The Disclosure Schedule contains a complete and correct list of all material Permits which are necessary for the lawful operation of the Business. All such Permits have been duly made or obtained and are in full force and effect, and there are no proceedings pending or, to any Stockholder's knowledge, threatened which may result in the revocation, cancellation or suspension, or any adverse modification, of any such Permit.

3.25 Insurance. Telecom One maintains insurance on all of its properties of a character generally comparable to insurance carried by persons engaged in the same or similar business similarly situated against loss or damage of the kinds and in the amounts customarily insured against. The Disclosure Schedule contains a true and complete list of all insurance maintained by Telecom One with respect to the Business during the past year.

3.26 Brokers, Finders, etc. All negotiations relating to this Agreement and the transaction contemplated hereby have been carried on without the intervention of any person acting on behalf of Telecom One or any Stockholder in such a manner as to give rise to any claim against IXC-LD, Telecom One or any of their respective Representatives for any brokerage or finders' commission, fee or similar compensation.

3.27 Books and Records. Telecom One has made and kept (and given IXC-LD's Representatives access to) the Books and Records, which, in reasonable detail, accurately and fairly reflect in all material respects the activities and transactions of Telecom One related to the Business, the dispositions of assets related to the Business, and the financial condition of Telecom One and the Business, including, without limitation, the existence of any and all material liabilities, whether actual or contingent, that are required to be disclosed in a balance sheet prepared in accordance with GAAP.

3.28 LOAs. Telecom One has made available to IXC-LD true and complete copies of all customer letters of agency ("LOAs") as of September 30, 1996. To the best of the knowledge of the Stockholders after diligent scrutiny as required by law, all such LOAs were obtained in accordance with applicable law and were valid as of September 30, 1996.

3.29 Full Disclosure. No representation, warranty or other statement of a Stockholder or Telecom One contained in this Agreement contains any untrue statement of a material fact or omits to state a fact necessary in order to make the statements contained herein or therein not misleading in any material respect.

3.30 Purchase for Own Account. Each Stockholder severally (but not jointly) represents that he is acquiring IXC Common Stock for investment and for his own account, and not with a view to or for sale in connection with any distribution of any part thereof.

3.31 Investment Experience. Each Stockholder severally (but not jointly) represents that he has such knowledge and experience in financial and business matters that he is capable of evaluating the risks of his proposed investment in IXC Common Stock and is able to bear the economic risk of his proposed investment.

3.32 Restricted Securities. Stockholders understand that all shares of IXC Common Stock purchased hereunder will be characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired in a transaction not involving a public offering. Accordingly, Stockholders acknowledge that the certificates and instruments evidencing IXC Common Stock will bear the following legend:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE RESTRICTED
SECURITIES AND MAY NOT BE SOLD OR OFFERED FOR SALE EXCEPT
IN COMPLIANCE WITH THE SECURITIES ACT OF 1933, AS AMENDED.

Stockholders acknowledge that such shares may only be sold or transferred in compliance with Rule 144 or otherwise in compliance with, or pursuant to an exemption from the registration requirements of the federal securities laws.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF IXC, IXC-LD AND ACQUISITION CORP.

IXC, IXC-LD and Acquisition Corp. hereby expressly acknowledge that the Stockholders, in agreeing to consummate the transactions contemplated by this Agreement, have relied upon the following representations and warranties, and no others, in their decision to accept the IXC Common Stock as consideration for the Stockholders' Telecom One Stock pursuant to this Agreement. IXC, IXC-LD and Acquisition Corp. hereby, jointly and severally, represent and warrant to the Stockholders as follows:

4.1 Organization. IXC, IXC-LD and Acquisition Corp. are corporations duly organized, validly existing and in good standing under the Laws of the State of Delaware. IXC, IXC-LD and Acquisition Corp. each has the requisite corporate power and authority to own, lease and operate its assets and to conduct its business in the manner in which it is presently conducted. IXC, IXC-LD and Acquisition Corp. are duly qualified and licensed in each jurisdiction where the nature of the business conducted by them requires such qualification, except where the failure to so qualify would not have a material adverse effect upon IXC's, IXC-LD's or Acquisition Corp.'s financial condition or results of operations. IXC, IXC-LD and Acquisition Corp. have delivered to Telecom One true and complete copies of each of their Certificates of Incorporation and Bylaws.

4.2 Authorization. IXC, IXC-LD and Acquisition Corp. each has the requisite corporate power and authority to execute and deliver this Agreement, and to consummate the transactions contemplated hereby, and to perform any of its obligations hereunder. All actions and proceedings on the part of IXC, IXC-LD and Acquisition Corp. necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly taken.

4.3 Capitalization. The authorized capital stock of IXC consists as of the date of this Agreement of 100,000,000 shares of IXC Common Stock, of which approximately 30,795,014 shares are issued and outstanding as of the date hereof. All of such issued and outstanding shares are duly and validly authorized and issued, fully paid and non-assessable. Other than this Agreement, there is not outstanding any subscription, option, warrant, call right or other agreement or commitment obligating IXC to issue, sell, deliver or transfer (including any right of conversion or exchange under any outstanding security or other instrument) any shares of its capital stock, other than 3,402,137 shares authorized pursuant to IXC's option plans for employees, directors and others performing services for IXC.

4.4 Valid Issuance of IXC Common Stock. Each of the shares of IXC Common Stock when issued, sold and delivered in accordance with the terms hereof, will be duly and validly issued, fully paid and nonassessable.

4.5 Due Execution and Delivery: Binding Obligations. This Agreement has been duly executed and delivered by IXC, IXC-LD and Acquisition Corp. This Agreement constitutes the

legal, valid and binding agreement and obligation of IXC, IXC-LD and Acquisition Corp. enforceable against IXC, IXC-LD and Acquisition Corp. in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer or conveyance or similar Laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability and except as rights of indemnity or contribution may be limited by federal or state securities or other laws or the public policy underlying such Laws.

4.6 No Conflict or Violation. Subject to Telecom One's receipt of the Regulatory Approvals, neither the execution and delivery of this Agreement, nor IXC's, IXC-LD's or Acquisition Corp.'s consummation of the transactions contemplated hereby, will result in: (a) a violation of, or a conflict with, IXC's, IXC-LD's or Acquisition Corp.'s charter documents, or any subscription, stockholders' or similar types of agreements or understandings; or (b) a violation by IXC, IXC-LD or Acquisition Corp. of any Law, order, judgment, writ, injunction decree or award to which any of them is a party or by which any of their assets are bound.

4.7 Consents and Approvals. The execution and delivery by IXC, IXC-LD and Acquisition Corp. of this Agreement and the consummation of the transactions contemplated hereby, do not and will not require as of the Actual Closing Date any authorization, registration or filing with, or consent or approval of, any Person, except any state and federal filings that may be required under applicable securities Laws and the Regulatory Approvals.

4.8 Pending Litigation. Except as disclosed on the Disclosure Schedule provided by IXC (the "IXC Disclosure Schedule"), there is no pending or, to IXC's, IXC-LD's or Acquisition Corp.'s knowledge, threatened Action or investigation, at Law or in equity or otherwise, in, for or by any court or governmental board, commission, agency, department or office involving IXC, IXC-LD or Acquisition Corp. arising from, relating to or affecting (a) the past, present or proposed operations of IXC, IXC-LD or Acquisition Corp., (b) any alleged act or omission of IXC, IXC-LD or Acquisition Corp., or (c) the consummation of the transactions contemplated hereby.

4.9 Code Section 368.

(a) At all times prior to the Effective Date, IXC will own all of the outstanding capital stock of Acquisition Corp.

(b) Neither IXC nor IXC-LD has any plan or intention to cause Telecom One to issue additional shares of stock on or after the Effective Date that would result in IXC or IXC-LD owning less than 80% of the total combined voting power of stock of Telecom One or less than 80% of any class of nonvoting stock of Telecom One.

(c) Neither IXC or IXC-LD has any plan or intention to reacquire from any of the Stockholders any of the IXC Common Stock issued pursuant to the Merger.

(d) Neither IXC nor IXC-LD has any plan or intention (i) to liquidate Telecom One, (ii) to merge Telecom One with or into another corporation (other than the Merger), (iii) to sell, or otherwise dispose of any of the capital stock of Telecom One, except for transfers of stock to corporations of which IXC or IXC-LD owns at least 80% of the total combined voting power of stock and 80% of each class of nonvoting stock, or (iv) to cause Telecom One to sell or otherwise dispose of any of its assets or of any assets acquired by Telecom One from Acquisition Corp., except for dispositions made in the ordinary course of business or transfers of assets to a corporation of which Telecom One owns at least 80% of the total combined voting power of stock and 80% of each class of nonvoting stock.

(e) Acquisition Corp. will have no liabilities that will be assumed by Telecom One in the Merger and will not transfer to Telecom One in the Merger any assets subject to liabilities.

(f) Following the Merger, IXC and IXC-LD intend that Telecom One will continue its historic business.

4.10 SEC Reports: Certain Changes. None of the filings that IXC has made with the Securities and Exchange Commission (the "SEC"), pursuant to the Securities Act of 1933, as amended, or pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"), as amended, at the time filed, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it was made, not misleading, which material fact was stated or omitted by IXC with the scienter required to expose IXC to liability under Rule 10b-5, as promulgated under the Exchange Act. Telecom One and the Stockholders acknowledge and agree that such filings by their nature become outdated through the passage of time and are not to be assumed to be accurate as of any date later than the date filed. Except as set forth in the IXC Disclosure Schedule, since the date of the financial statements contained in the most recent filing made by IXC with the SEC, there has been no: (a) destruction, damage to, or loss of any of IXC's material assets; (b) amendment, termination or other loss of any contract involving payments or receipts by IXC in excess of \$5,000,000 per year, or material Permit related to IXC's assets or business or by which IXC or any of its material assets or properties are subject, other than an amendment or termination made in the ordinary course of business consistent with past practice; or (c) dispute between IXC and any customer or supplier of IXC or its affiliates whose transactions with IXC or its affiliates involve payments or receipts by IXC in excess of \$5,000,000 per year and, to the best knowledge of IXC, no such customer or supplier has stated its intention to discontinue to do business with IXC and its affiliates.

4.11 Brokers, Finders, etc. All negotiations relating to this Agreement and the transaction contemplated hereby have been carried on without the intervention of any person acting on behalf of IXC, IXC-LD or Acquisition Corp. in such a manner as to give rise to any claim against IXC-LD, Telecom One, or any of their respective Representatives for any brokerage or finders' commission, fee or similar compensation.

ARTICLE 5
STOCKHOLDERS' AND TELECOM ONE'S OBLIGATIONS BEFORE CLOSING

Each of the Stockholders and Telecom One covenant that during the period from the date of this Agreement to the Actual Closing Date:

5.1 Conduct of Business. Except as specifically contemplated by this Agreement, Telecom One will conduct the Business in the ordinary course of business and consistent with past practice, and will use all reasonable effort to preserve intact its advantageous business relationships, to keep available the service of its employees and to maintain satisfactory relationships with its contractors, distributors, customers and other persons sharing business relationships with them. Without limiting the generality of the foregoing, Telecom One will use all reasonable efforts to not, without the prior written consent of IXC-LD, take or undertake or incur or permit to exist any of the acts, transactions, events or occurrences specified in Section 3.11, above, unless such actions are specifically contemplated by this Agreement. The Stockholders and Telecom One shall give IXC-LD prompt written notice of any change in any of the information contained in the representations and warranties made in Article 3 referred to herein which occurs prior to the Actual Closing Date.

5.2 Access to Information. IXC-LD and its counsel, accountants and other Representatives shall have full access during normal business hours to all properties, Books and Records, Contracts, Permits and other documents of or relating to Telecom One and the Business so that IXC-LD may have full opportunity to make such investigation as it shall desire to make of the affairs of Telecom One relating to the Business. The Stockholders and Telecom One shall furnish or cause to be furnished to IXC-LD and its Representatives all data and information concerning the Business, finances and properties that may reasonably be requested. The Stockholders and Telecom One shall remain fully liable and responsible for all of the Stockholders' and Telecom One's representations, warranties, covenants, agreements and conditions in this Agreement, notwithstanding any such investigation performed or information received by IXC-LD.

5.3 Confidentiality. Each of the Stockholders and Telecom One will hold, and will cause each of Telecom One's employees, officers, directors and other Representatives to hold, in strict confidence, and to not use to the detriment of IXC, IXC-LD or Acquisition Corp., any confidential or proprietary information or data concerning IXC, IXC-LD or Acquisition Corp. furnished to them in connection with the transaction contemplated by this Agreement, except for information generally known to the public; and if the transaction contemplated by this Agreement is not consummated, such confidence shall be maintained and the Stockholders and Telecom One will return to IXC-LD all such information and data as IXC-LD may request.

5.4 No Solicitation. Neither the Stockholders nor Telecom One will, directly or indirectly, through any officer, director, partner, agent or otherwise, solicit, initiate or encourage submission of proposals or offers from any person relating to any acquisition or purchase of any equity interest in, or all or a substantial portion of the assets of, Telecom One

or any business combination with Telecom One, or participate in any negotiations regarding or furnish to any other person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other person to do or seek any of the foregoing, except as provided for herein.

5.5 Consents; Regulatory Approvals; Reasonable Efforts. Each of the Stockholders and Telecom One agree to utilize their respective best efforts and cooperate with each other in every way, to take, as promptly as possible, or cause to be taken, all action and do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement and each Stockholder and Telecom One, as the case may be, will use his or its reasonable efforts to obtain the Regulatory Approvals, all waivers, Permits, consents, other approvals, authorizations and clearances and to effect all registrations, filings and notices with or to third parties or governmental, regulatory or public bodies or authorities which are necessary in connection with the transactions contemplated by this Agreement.

5.6 Fulfillment of Conditions and Covenants. Neither the Stockholders nor Telecom One shall take any course of action inconsistent with the satisfaction of the requirements or conditions applicable to the Stockholders and Telecom One set forth in this Agreement. The Stockholders and Telecom One shall each promptly do all acts and take all measures as may be appropriate to enable them to perform as early as possible the obligations herein required to be performed by them.

ARTICLE 6

IXC'S, IXC-LD'S AND ACQUISITION CORP.'S OBLIGATIONS BEFORE CLOSING

IXC, IXC-LD and Acquisition Corp. covenant that during the period from the date of this Agreement to the Actual Closing Date:

6.1 Notice of Changes. IXC-LD shall give the Stockholders prompt written notice of any change in any of the information contained in the representations and warranties made in Article 4 referred to herein, which occurs prior to the Actual Closing Date.

6.2 Consents; Regulatory Approvals; Reasonable Efforts. IXC-LD agrees to utilize reasonable efforts to take, as promptly as possible, or cause to be taken, all action and do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by this Agreement and will use its reasonable efforts to assist Telecom One in obtaining the Regulatory Approvals, all waivers, Permits, consents, other approvals, authorizations and clearances and to effect all registrations, filings and notices with or to third parties or governmental, regulatory or public bodies or authorities which are necessary in connection with the transactions contemplated by this Agreement.

6.3 Confidentiality. IXC, IXC-LD and Acquisition Corp. will hold, and will cause each of their affiliates, employees, officers, directors and other Representatives to hold, in strict confidence, and to not use to the detriment of the Stockholders or Telecom One, any confidential or proprietary information or data concerning the Stockholders or Telecom One furnished to them in connection with the transaction contemplated by this Agreement, except for information generally known to the public; and if the transaction contemplated by this Agreement is not consummated, such confidence shall be maintained and IXC-LD will return to the Stockholders and Telecom One all such information and data as the Stockholders and Telecom One may request.

6.4 Fulfillment of Conditions and Covenants. IXC, IXC-LD and Acquisition Corp. shall not take any course of action inconsistent with the satisfaction of the requirements or conditions applicable to them set forth in this Agreement. IXC, IXC-LD and Acquisition Corp. shall promptly do all acts and take all measures as may be appropriate to enable them to perform as early as possible the obligations herein required to be performed by them.

6.5 Cooperation in Obtaining Release. IXC-LD shall cooperate with the Stockholders in obtaining the release of any personal guarantees of the Stockholders made in connection with any indebtedness of Telecom One outstanding as of the date hereof. Notwithstanding the foregoing, neither IXC, IXC-LD nor Acquisition Corp. shall be required as part of such cooperation to become a guarantor of such indebtedness.

6.6 Non-Solicitation of Customers or Employees. In the event this Agreement is terminated or canceled for any reason prior to the Actual Closing, neither IXC, nor any affiliate thereof shall for a period of 12 months from the date hereof, knowingly solicit any Telecom One employee or customer or independent sales representative doing business with Telecom One at the time of such termination or cancellation.

ARTICLE 7 CONDITIONS TO OBLIGATIONS OF IXC, IXC-LD AND ACQUISITION CORP.

The obligations of IXC, IXC-LD and Acquisition Corp. to perform their obligations under this Agreement are subject to the satisfaction, on or before to the Actual Closing Date, of each of the following conditions, unless waived in writing by IXC-LD:

7.1 Accuracy of Representations and Warranties. All representations and warranties of the Stockholders and Telecom One contained in this Agreement shall be true and correct in all material respects when made and on and as of the Actual Closing Date as though made on and as of the Actual Closing Date.

7.2 Stockholders' and Telecom One's Performance of Covenants. All covenants, agreements and obligations required by the terms of this Agreement to be performed, satisfied

or complied with by the Stockholders or Telecom One at or before the Actual Closing Date shall have been duly and properly performed in all material respects.

7.3 Absence of any Material Adverse Change. There shall not have occurred any Material Adverse Change in the Business, condition (financial or otherwise), assets, properties or results of operations of Telecom One since September 30, 1996.

7.4 Stockholders' and Telecom One's Officer's Certificate. IXC-LD shall have received a certificate, dated the Actual Closing Date, signed and verified by each of the Stockholders and the President of Telecom One, and certifying that the conditions specified in Sections 7.1, 7.2 and 7.3, above, have been fulfilled.

7.5 Opinion of Counsel. IXC-LD shall have received from Drinker Biddle & Reath, legal counsel for the Stockholders and Telecom One, an opinion, dated the Actual Closing Date, in the form set forth in Exhibit C hereto.

7.6 Authorization of the Stockholders and Telecom One. All actions necessary to authorize the execution, delivery and performance of this Agreement by each of the Stockholders and Telecom One, and the consummation of the transactions contemplated herein, shall have been duly and validly taken.

7.7 Consents and Regulatory Approvals. The Regulatory Approvals, all licenses, Permits, authorizations, consents and other approvals of and filings with any governmental or regulatory agency required to be obtained or made in connection with the consummation of the transactions contemplated by this Agreement shall have been duly obtained or made by or on behalf of the Stockholders or Telecom One. All material consents of other third-parties required to have been obtained in connection with the consummation of such transactions shall have been obtained by or on behalf of the Stockholders or Telecom One.

7.8 Employment Agreements. IXC-LD shall have obtained fully executed original counterparts of the employment agreements to be entered into between Telecom One and WGR, and Telecom One and WFL, in the form of Exhibits D and E, respectively, attached hereto (the "Employment Agreements").

7.9 Consulting Agreement. IXC-LD shall have obtained a fully executed original counterpart of the consulting agreement to be entered into between Telecom One and GH, in the form of Exhibit F, attached hereto (the "Consulting Agreement").

7.10 Absence of Certain Changes. The Stockholders and Telecom One shall have certified in writing to IXC-LD that, as of the Actual Closing Date, no key employee of Telecom One has terminated his or her relationship with Telecom One since the Balance Sheet Date or indicated any present or future intention to terminate his or her relationship with Telecom One.

7.11 Audits. The Auditors shall have completed the Initial Valuation Audit and the Deemed Closing Date Audit and delivered copies thereof to the Stockholders.

7.12 Registration Rights Agreements. IXC shall have obtained a fully executed counterpart to the registration rights agreements from each of the Stockholders, in the form of Exhibit G and H, attached hereto (the "Registration Rights Agreements").

7.13 Waiver of Rights of First Refusal. IXC-LD shall have obtained copies of waivers executed by Telecom One, WGR and GH, waiving all rights of first refusal, including all notice rights, each of them has to the shares of Nonvoting Common Stock, par value \$0.001 per share, of Telecom One held by WFL under that certain Agreement among TCO, WFL, GH and WGR dated August 15, 1996.

ARTICLE 8

CONDITIONS TO OBLIGATIONS OF STOCKHOLDERS AND TELECOM ONE

The obligations of the Stockholders and Telecom One to perform their respective obligations under this Agreement are subject to the satisfaction, on or before to the Actual Closing Date, of each of the following conditions, unless waived in writing by the Stockholders:

8.1 Accuracy or Representations and Warranties. All representations and warranties of IXC, IXC-LD and Acquisition Corp. contained in this Agreement shall be true and correct in all material respects when made and on and as of the Actual Closing Date as though made on and as of the Actual Closing Date.

8.2 Performance of Covenants. All covenants, agreements and obligations required by the terms of this Agreement to be performed, satisfied or complied with by IXC, IXC-LD and Acquisition Corp. at or before the Actual Closing Date shall have been duly and properly performed in all material respects.

8.3 Officer's Certificate. The Stockholders shall have received a certificate, dated the Actual Closing Date, signed and verified by the President of IXC, IXC-LD and Acquisition Corp., certifying that the conditions specified in Sections 8.1 and 8.2, above, have been fulfilled.

8.4 Authorization. All actions necessary to authorize the execution, delivery and performance of this Agreement by IXC, IXC-LD and Acquisition Corp., and the consummation of the transactions contemplated herein, shall have been duly and validly taken.

8.5 Employment Agreements. WGR and WFL shall have obtained fully executed original counterparts of the Employment Agreements.

8.6 Consulting Agreement. GH shall have obtained a fully executed original counterpart of the Consulting Agreement.

8.7 Consents and Regulatory Approvals. The Regulatory Approvals, all licenses, Permits, authorizations, consents and other approvals of and filing with any governmental or regulatory agency required to be obtained or made in connection with the consummation of the transactions contemplated by this Agreement shall have been duly obtained or made by or on behalf of the Stockholders or Telecom One. All material consents of other third-parties required to have been obtained in connection with the consummation of such transactions shall have been obtained by or on behalf of the Stockholders or Telecom One.

8.8 Opinion of Counsel. Telecom One and the Stockholders shall have received from Riordan & McKinzie, legal counsel for IXC, IXC-LD and Acquisition Corp., an opinion, dated the Actual Closing Date, in the form set forth in Exhibit I, attached hereto.

8.9 Audits. The Auditors shall have completed the Initial Valuation Audit and the Deemed Closing Date Audit and the Stockholders shall have delivered copies thereof to IXC.

8.10 Registration Rights Agreements. The Stockholders shall have obtained a fully executed counterpart to the Registration Rights Agreements from IXC.

8.11 Organization of Acquisition Corp. IXC shall have caused Acquisition Corp. to be organized as a Delaware corporation and a wholly owned subsidiary of IXC. Telecom One and the Stockholders shall have received an executed counterpart to this Agreement signed by Acquisition Corp. as of, and with the same effect as of, the date hereof.

ARTICLE 9 THE CLOSING

9.1 The Actual Closing. On the terms and subject to the satisfaction of the conditions contained in this Agreement, the closing of the sale and purchase of the Stockholders' Telecom One Stock (the "Actual Closing") shall take place three business days after the completion and delivery to IXC-LD of the Deemed Closing Date Audit, in the offices of Riordan & McKinzie commencing at 9:00 a.m., or at such other place, time and date as may be mutually agreed to by the parties. The date and time at which the Actual Closing actually occurs is herein referred to as the "Actual Closing Date."

9.2 Deliveries by Stockholders. At the Actual Closing, the Stockholders shall deliver the following:

(a) The stock certificates representing all of the shares of the Stockholders' Telecom One Stock which shall be marked to reflect the cancellation and conversion thereof as a result of the Merger:

- (b) The certificates contemplated by Section 7.4, above;
 - (c) The legal opinion contemplated by Section 7.5, above;
 - (d) Evidence of having obtained consents required to be obtained by the Stockholders pursuant to Section 7.7, above;
 - (e) The Employment Agreements contemplated by Section 7.8, above;
 - (f) The Consulting Agreement contemplated by Section 7.9, above;
 - (g) The Registration Rights Agreements contemplated by Section 7.12, above;
- and
- (h) All other agreements, documents, instruments and writings required to be delivered by the Stockholders at the Actual Closing pursuant to this Agreement.

9.3 Deliveries by Telecom One. At the Actual Closing, Telecom One shall deliver the following:

- (a) A stock certificate representing the number of shares of Telecom One Common Exchange Stock, issued in the name of IXC, required to consummate the Merger;
- (b) The Certificate of Merger contemplated by Section 2.3, above, executed and in a form ready for filing with the Secretary of State of the State of Delaware;
- (c) The certificates contemplated by Section 7.4, above;
- (d) Evidence of having obtained consents required to be obtained by Telecom One pursuant to Section 7.7, above;
- (e) The Employment Agreements contemplated by Section 7.8, above;
- (f) The Consulting Agreement contemplated by Section 7.9, above; and
- (g) All other agreements, documents, instruments and writings required to be delivered by Telecom One at the Actual Closing pursuant to this Agreement.

9.4 Deliveries by IXC-LD and IXC. At the Actual Closing, IXC-LD and IXC shall deliver the following:

- (a) Stock certificates representing the number of shares of IXC Common Stock required to be delivered at the Actual Closing pursuant to Section 2.7(a), above.

- (b) The officer's certificate contemplated by Section 8.3, above;
- (c) The legal opinion contemplated by Section 8.8, above;
- (d) The Registration Rights Agreements contemplated by Section 8.10, above;
- (e) All other agreements, documents, instruments and writings required to be delivered by IXC and IXC-LD at the Actual Closing pursuant to this Agreement.

ARTICLE 10 POST CLOSING

10.1 Survival of Representations and Warranties. Regardless of any investigation at any time made by or on behalf of any party, or of any information any party may have in respect thereof, all representations and warranties made hereunder or pursuant hereto or in connection with the transactions contemplated hereby shall survive the Deemed Closing and the Actual Closing for a period ending 12 months from the Actual Closing, except all representations and warranties with respect to tax matters shall survive through the applicable statute of limitations (each, a "Survival Date"). From and after the applicable Survival Date, no Stockholder shall have any liability with respect to such representations and warranties and neither IXC nor any of its affiliates or their Representatives shall assert any claims against any Stockholder with respect thereto.

10.2 Indemnification by the Parties.

(a) Subject to the limitations set forth in Section 10.1 and Section 10.2(d) and (e), each of the Stockholders, severally, with, in the case of subparagraphs (ii) and (iv) below, responsibility proportionate to such Stockholder's percentage interest in the capital stock of Telecom One immediately prior to the Actual Closing Date and with, in the case of subparagraphs (i) and (iii) below, 100% of responsibility, shall indemnify, defend and hold harmless IXC, IXC-LD and any of its affiliates and their respective Representatives, and shall reimburse IXC, IXC-LD and any of its affiliates and their respective Representatives, on demand, for any claim, demand, loss, liability, damage or expense (including, without limitation, any claim for direct or expectation damages, but excluding consequential damages, which would be allowable under applicable contract or tort law if this Section 10.2 were not a provision of this Agreement), including, without limitation, interest, penalties and reasonable attorneys', accountants' and experts' fees and costs of investigation incurred as a result thereof (collectively "Damages"), resulting from any of the following:

- (i) Any breach or default in the performance by such Stockholder of any covenant or agreement of such Stockholder contained herein;

(ii) Any breach or default in the performance by Telecom One of any covenant or agreement of Telecom One to be performed on or prior to the Actual Closing;

(iii) Any breach of warranty or inaccurate or erroneous representation made by such Stockholder severally herein, or pursuant to any certificate delivered or to be delivered by or on behalf of the Stockholders or Telecom One pursuant hereto;

(iv) Any breach of warranty or inaccurate or erroneous representation made by the Stockholders jointly and severally or Telecom One herein, or pursuant to any certificate delivered or to be delivered by or on behalf of the Stockholders or Telecom One pursuant hereto; or

(v) Any liability arising out of any and all Actions, demands, judgments, costs and expenses incident to any of the foregoing.

(b) IXC or IXC-LD shall indemnify, defend and hold harmless the Stockholders and any of their affiliates and shall reimburse the Stockholders and any of their affiliates on demand, for any Damages resulting from (i) any breach or default in the performance by IXC, IXC-LD or Acquisition Corp. of any covenant or agreement of IXC, IXC-LD or Acquisition Corp. contained herein or (ii) any breach of warranty or inaccurate or erroneous representation made by IXC, IXC-LD or Acquisition Corp. herein, or pursuant to any certificate delivered or to be delivered by or on behalf of IXC, IXC-LD or Acquisition Corp. pursuant hereto.

(c) A party entitled to indemnification hereunder ("Indemnitee") shall promptly notify the other party ("Indemnitor") of any such liability, breach of warranty, inaccuracy, misrepresentation or any other claim arising under the foregoing indemnification provision. Indemnitor may contest and defend in good faith any claim of third parties covered by this Section at their own expense; provided that within 30 days of the Indemnitor's receipt of notice of such claim, Indemnitor notify Indemnitee of Indemnitor's desire to defend and contest such claim.

(d) Notwithstanding the foregoing, in the absence of fraud, the Stockholders shall have no obligation to indemnify, defend, hold harmless or reimburse IXC, IXC-LD or any of their affiliates or their respective Representatives with respect to the matters described in Sections 10.2(a)(iii), (iv) or (v), unless and until the aggregate amount of all Damages with respect to such matters exceeds \$50,000, in which event, such persons shall be entitled to indemnification for the full amount of all Damages suffered or incurred.

(e) Notwithstanding the foregoing, the maximum, aggregate amount of claims for Damages under this Section for which a Stockholder shall be obligated to pay shall be equal to the dollar value of such Stockholder's percentage of the Initial Installment. In the absence of fraud, each party's rights under this Section shall be its sole remedy against the other party

in respect of the subject matter hereof, subject to a party's rights, if any, to seek specific performance.

10.3 Further Assurances. The Stockholders, at any time on or after the Actual Closing, will execute, acknowledge and deliver any further assignments and other assurances, documents and instruments of transfer, reasonably requested by IXC-LD, and will take any other action that may be requested by IXC-LD, for the purpose of assigning, transferring, granting, conveying and confirming to IXC-LD, or reducing to possession, any or all of the Stockholders' Telecom One Stock to be conveyed and transferred by this Agreement.

10.4 Expenses. Each of the parties shall pay all costs and expenses incurred by it or on its behalf in connection with this Agreement and the transactions contemplated hereby, including, without limiting the generality of the foregoing, fees and expenses of its own financial consultants, accountants and counsel.

10.5 Post-Closing Advance. Within five days following the Actual Closing Date, IXC-LD shall pay to Telecom One the Post-Closing Advance. Upon receipt of such payment, Telecom One shall repay all of the outstanding indebtedness between Telecom One and the Stockholders (or family members of the Stockholders) as set forth in the Disclosure Schedule attached hereto. The Stockholders shall thereupon consider all such indebtedness to be paid in full and shall have no further claim against Telecom One, IXC-LD or IXC, or any IXC Affiliate with respect to such indebtedness.

10.6 Acquisition Financing. Following the Actual Closing Date, IXC shall make available at the request of WGR (as long as WGR is employed by Telecom One) up to \$1,000,000 in IXC Common Stock (or at IXC's sole discretion, cash) (the "Acquisition Capital") to finance future acquisitions by Telecom One. Such acquisitions shall be subject to the joint approval of IXC and Telecom One on a case by case basis. Acquisition Capital, regardless of the manner in which it is transferred to, or on behalf of, Telecom One (i.e., whether loaned or made as a capital contribution to Telecom One or paid on behalf of Telecom One to a third party), will be treated as intercompany debt (but if the Acquisition Capital is provided in the form of IXC Common Stock, without the imputation of any interest cost) for the purpose of determining Net Liabilities.

10.7 Earn-out.

(a) It is expressly acknowledged and understood by IXC-LD and IXC that the Final Installment is a principal term hereof and the opportunity to achieve the maximum Final Valuation and Final Installment constitutes substantial consideration for the Stockholders' willingness to execute this Agreement and to consummate the transactions contemplated herein. In view of the foregoing, until the earliest to occur of (i) the Final Measurement Date, (ii) such time as WGR is no longer employed by Telecom One and GH is no longer engaged as a consultant by Telecom One, or (iii) the Funding Date (as defined below), neither IXC nor any affiliate thereof shall allow the Board of Directors of Telecom One to interfere with the

management of Telecom One's business and operations exclusively by WGR and GH, except with respect to (t) causing Telecom One to guarantee certain obligations of IXC or to become a co-borrower with IXC in connection with any financing by IXC (an "IXC Financing") or to agree to negative covenants with respect to an IXC Financing or to agree to grant a security interest in some or all of its assets in connection with an IXC Financing or to refrain from granting a security interest in any assets without IXC's written consent (all of which decisions shall be made solely by the Board of Directors of Telecom One), (u) control of Telecom One's accounting practices and procedures (which decisions shall be made solely by the Board of Directors of Telecom One), (v) the amount of cash compensation or bonuses to be paid to WGR or GH (which decisions shall be made solely by the Board of Directors of Telecom One in accordance with the terms of their respective Employment and Consulting Agreements), (w) Telecom One Affiliate Transactions (which transactions may be prohibited by the Board of Directors of Telecom One in its sole discretion), (x) (so long as such interference does not force Telecom One to default or incur any penalty under any of its existing agreements with other telecommunications service providers) any services to be provided by any provider of telecommunications services, including without limitation, IXC-LD or any affiliate of IXC-LD (such as under the current letter agreement between Telecom One and IXC for the provision of network services dated July 31, 1996 (the "Telecommunication Services Agreement")); provided that there shall be no amendment of the Telecommunication Services Agreement without the consent of WGR and GH and such agreement is subject to the agreement set forth in Section 10.10 hereof, (y) whether or not Telecom One will acquire, other than in the ordinary course of business, the assets, liabilities or business of, or dispose of its assets to, merge with, or consummate any similar transaction with, any other entity or person (such decisions requiring the approval of the Board of Directors of Telecom One and the prior written consent of WGR and GH), and (z) the termination by Telecom One of WGR's Employment Agreement or the Consulting Agreement (which decision shall be made solely by the Board of Directors of Telecom One). For purposes hereof, the first date on which, in response to a request from WGR, IXC or any affiliate thereof provides funds to Telecom One, whether by capital contribution, loan or otherwise, other than (A) the Acquisition Capital, (B) the Post-Closing Advance, (C) an amount up to the aggregate amount of dividends and similar distributions made by Telecom One to IXC and its affiliates on or prior to the date of such funding by IXC or an IXC affiliate, and (D) any amounts that IXC agrees can be funded without triggering this definition, shall be referred to as the "Funding Date." In addition, from and after the Actual Closing, none of the Stockholders shall be expected to personally guarantee Telecom One's obligations under financings for its working capital and other corporate needs. Further, neither IXC nor any of its affiliates when acting in their capacity as owner of Telecom One or when directing, in whole or in part, the management and operation of Telecom One will intentionally, and IXC shall ensure that from and after the departure of WGR from Telecom One's employment any managers of Telecom One will not intentionally, take any action or fail to take any action for the principal purpose of reducing the value of the Final Installment without the written consent of WGR and GH. Through the Final Measurement Date, IXC and IXC-LD shall not cause or permit Telecom One to acquire the assets, liabilities or business of, or dispose of its assets to, merge with, or consummate any similar transaction with, any other entity or person without the written consent of WGR and GH.

(b) If a Trigger Event (as defined below) occurs on or prior to the first anniversary of the Actual Closing Date, the Final Installment shall be automatically and conclusively deemed to be an amount equal to the Initial Installment. If a Trigger Event occurs after the first anniversary of the Actual Closing Date but prior to the Final Measurement Date, the Final Installment shall be automatically and conclusively deemed to be an amount equal to the greater of (i) an amount equal to the value of the Final Installment calculated using, for this purpose only, the date of any such Trigger Event and not November 30, 1999 as the Final Measurement Date, and (ii) the actual Final Installment, calculated as contemplated in Section 2.7(b). If the amount of the Final Installment is calculated pursuant to this Section 10.7(b), it shall be payable at the time it would have been payable had only the provision of Section 2.7(b) applied. For purposes of this Section 10.7(b), a "Trigger Event" shall mean the first to occur of either (y) the termination of WGR's employment with Telecom One either by the Board of Directors of Telecom One without "cause" (as defined in WGR's employment agreement delivered at the Actual Closing) or by WGR for "good reason" (as defined therein), or (z) the termination of the Consulting Agreement either by the Board of Directors of Telecom One without "cause" (as defined therein) or by GH for "good reason" (as defined therein).

10.8 Cooperation in Future Financings. Following the Actual Closing, Telecom One shall cooperate with IXC in connection with any agreements which IXC may enter into with third parties from time to time which secure or otherwise document an IXC Financing. Telecom One shall take all necessary action to facilitate and comply with the terms of such agreements, including without limitation, granting security interests relating to any or all of Telecom One's assets, complying with all applicable covenants or restrictions, and if necessary, becoming a party to such agreements. IXC shall use reasonable efforts under the circumstances to minimize the effect of such covenants on Telecom One and on WGR's and GH's ability to manage the business and operations of Telecom One as contemplated herein.

10.9 Administrative Services Outsourcing Agreement. Following the Actual Closing, at IXC's request, Telecom One and IXC-LD, or an affiliate thereof, shall enter into an administrative services and outsourcing agreement under which IXC-LD, or an affiliate thereof, shall provide certain financial and administrative services to Telecom One, such agreement to be mutually agreeable to IXC, WGR and GH, and to be consistent with the mutual intention of the parties that WGR and GH shall manage the business and affairs of Telecom One through and until the Final Measurement Date.

10.10 Telecommunication Services Agreement. Following the Actual Closing, at IXC's request and to the extent practicable, Telecom One shall use its best efforts to cause IXC-LD or an affiliate thereof to become the sole supplier of telecommunication services to Telecom One's customers, provided however, that WGR and GH shall have the right to determine whether, in view of the services required by a customer and/or a customer's willingness to approve such a transfer, it is practicable to cause IXC-LD or an affiliate thereof to become the sole supplier of telecommunication services to such customer. Notwithstanding anything to the contrary in the Telecommunication Services Agreement, from and after the Actual Closing and through the Final Measurement Date, IXC and its affiliates shall provide all network and other

telecommunication services to Telecom One on terms that are no less favorable than the terms offered to other IXC customers of similar size and type and IXC and its affiliates shall pass through to Telecom One, in the form of price reductions, the benefit of all reductions in local access charges (such price reductions to occur as of the first day of each fiscal quarter, as applicable, after receipt of notice by IXC from Telecom One prior to such date of possible changes in local access charges, such price reductions to be based upon IXC's review of all applicable local access charges and such price reductions to be applied prospectively from the first day of such fiscal quarter and not retroactively.

10.11 Tax Matters.

(a) From and after the Effective Date, IXC-LD shall, and shall cause Telecom One to, remit promptly to the Stockholders any refund, offset, credit or other reduction of taxes of Telecom One attributable to a pre-Closing tax period when the amount thereof is received by or otherwise made available to Telecom One or any other affiliate of IXC.

(b) For federal and state income tax purposes, (i) taxable income for the period from January 1, 1997 through the Actual Closing shall be determined by an actual closing of the books and records of Telecom One as of the close of business on the day immediately preceding the Actual Closing Date; and (ii) all obligations to pay state taxes shall be determined based on the state tax apportionment factors (payroll, gross receipts, property, and other factors used by taxing authorities to allocate taxable income to the various jurisdictions) employed by Telecom One applicable to such period consistent with past practices. IXC LD shall have the right to review and approve Telecom One's federal or state income tax returns covering the tax period immediately preceding the Actual Closing before such returns are filed.

(c) From and after the Actual Closing Date, IXC and IXC-LD, on the one hand, and the Stockholders, on the other hand, shall (i) cooperate fully with each other as to all tax matters that affect the other party, (ii) make available to each other (the "Requesting Party"), and to the taxing authority as reasonably requested by the Requesting Party, all information, records and documents available to it relating to tax liabilities or potential tax liabilities of the Requesting Party or any of its affiliates, and (iii) preserve all such information, records and documents until the expiration of any applicable statute of limitations (or extension thereof) or as otherwise required by law or this Agreement. IXC and IXC-LD, on the one hand, and the Stockholders, on the other hand, shall make available, to each other, and shall cause Telecom One to make available as is reasonably requested and available, personnel responsible for preparing or maintaining information, records and documents in connection with all tax matters contemplated by this Agreement. Any party involved in any tax matter or proceeding that affects the other party shall notify promptly the other party of such proceeding and keep such other party informed of all developments as they occur.

ARTICLE 11
COVENANT NOT TO COMPETE

11.1 Non-Compete Covenant.

(a) During the Applicable Period (as defined below) each Stockholder will not, without the prior written consent of IXC-LD, directly or indirectly, in the Territory (as defined below), Compete (as defined below) with the Business or own any equity interest in, or be a stockholder, partner, owner, officer, director or employee or agent of, or give financial assistance to, any person or entity engaged in any business that Competes with the Business; provided, however, that nothing herein shall prevent any Stockholder from owning, directly or indirectly, as a passive investor, in the aggregate not more than 5% of the outstanding publicly traded stock of any corporation engaged in such competition.

(b) For purposes of this Article 11, the term "Applicable Period" shall mean, in the case of a Stockholder, the period beginning on the Actual Closing Date and ending on the later to occur of (x) the third anniversary of the Actual Closing Date or (y) the date three years following the termination of such Stockholder's employment with Telecom One (or, in the case of GH, the date on which he ceases to provide consulting services to Telecom One).

(c) For purposes of this Article 11, the term "Territory" shall mean Arkansas, Arizona, California, Connecticut, Washington, DC, Florida, Georgia, Iowa, Illinois, Indiana, Kentucky, Massachusetts, Maryland, Michigan, Minnesota, Missouri, New Hampshire, New Jersey, Nevada, New York, Ohio, Pennsylvania, South Carolina, Texas, Virginia and Wisconsin.

11.2 Definition of Compete. For purposes of this Article 11, the term "Competes" shall mean (a) calling on or soliciting, as a client or customer, any individual, partnership, corporation or association that is a client or customer of Telecom One or was a client or customer of Telecom One during the 12 calendar month period immediately preceding any such act for the purpose of competing with Telecom One or IXC-LD; (b) hiring or soliciting or attempting to hire or solicit any employee of Telecom One or IXC-LD either on behalf of itself or any other person or entity; or (c) hiring or soliciting or attempting to hire or solicit any independent sales representative that is engaged in the solicitation of customers on Telecom One's behalf or was engaged in the solicitation of customers on Telecom One's behalf during the 12 calendar month period immediately preceding any such act for the purpose of competing with Telecom One or IXC-LD.

11.3 Direct or Indirect Competition. For purposes of this Agreement, the words "directly or indirectly" as they modify the word "Competes" shall mean (a) acting as an agent, representative, consultant, officer, director, independent contractor or employee of any entity or enterprise, which Competes (as defined in Section 11.2, above) with the Business; (b) participating in any such competing entity or enterprise, or the affiliate of such entity or enterprise, as a holder of an equity interest or as an owner, partner, limited partner, joint

venturer, creditor or stockholder; or (c) communicating to any such competing entity or enterprise the names or addresses or any other information concerning any past, present or identified prospective client or customer of Telecom One; provided however, that a Stockholder will not be deemed to have, directly or indirectly, Competed (as defined in Section 11.2) solely for developing and maintaining a relationship with any competing entity or enterprise as described in (a) or (b) above, so long as (i) he does not have any influence or control over the management of the entity or enterprise, (ii) he does not breach his duties of confidentiality hereunder and does not contribute, participate, assist or become involved in any of the activities described in Section 11.2, and (iii) such entity or business does not have a program to specifically target the clients, customers, employees or independent sales representatives of Telecom One for any purpose reasonably likely to interfere with Telecom One's business relationship with such persons (i.e., a program to sell similar services to specifically targeted Telecom One end-users); provided further, however, that in the case of GH, notwithstanding anything to the contrary set forth herein, he shall not be deemed to have, directly or indirectly, Competed (as defined above in Section 11.2), solely for acting as a consultant to an entity or business that Competes with the Business so long as (i) in his role as consultant he does not breach his duties of confidentiality hereunder and does not have any direct personal involvement in the activities described in Section 11.2, and (ii) such entity or business does not have a program to specifically target the clients, customers, employees or independent sales representatives of Telecom One for any purpose reasonably likely to interfere with Telecom One's business relationship with such persons (i.e., a program to sell similar services to specifically targeted Telecom One end-users).

11.4 Confidential Data. The Stockholders agree that, during the period set forth in Section 11.1, above, and except as is appropriate in the course of performance of their responsibilities under the Employment Agreements and the Consulting Agreement, each of them will keep confidential and not directly or indirectly divulge, furnish, make accessible to anyone, or appropriate for their own use any confidential information of Telecom One, and that at no time will either of them divulge, furnish and make accessible to anyone or appropriate for their own use any trade secrets of Telecom One. Each of the Stockholders and Telecom One further acknowledge and agree that IXC-LD has a legitimate interest in protecting proprietary customer information from misappropriation or diversion by the Stockholders or any competitor. The Stockholders hereby acknowledge and agree that the prohibitions against disclosure of confidential data recited herein are in addition to, and not in lieu of, any rights or remedies which IXC-LD may have available pursuant to the Laws of any jurisdiction or at common law to prevent the disclosure of trade secrets and other confidential proprietary data, and the enforcement by IXC-LD of its rights and remedies pursuant to this Agreement shall not be construed as a waiver of any other rights or available remedies which it may possess in Law or equity absent this Agreement.

11.5 Reasonableness of Restrictions. The Stockholders recognize that the territorial and time limitations set forth in Section 11.1, above, are reasonable, not burdensome and are properly required by Law for the adequate protection of IXC-LD, and in the event that such territorial or time limitations are deemed to be unreasonable by a court of competent jurisdiction,

then the Stockholders and IXC-LD agree and submit to the reduction of either said territorial or time limitation, or both, to such an area or period as said court shall deem reasonable.

11.6 Injunctive Relief. The Stockholders acknowledge that their expertise in the Business is of a special, unique, unusual, extraordinary and intellectual character, which gives said expertise a peculiar value, and that a breach by either or all of them of the provisions of this Agreement cannot be reasonably or adequately compensated in damages in an action at Law and that such breach will cause IXC-LD and Telecom One irreparable injury and damage. The Stockholders further acknowledge that each of them possesses unique skills, knowledge and ability that competition in violation of this Agreement would be extremely detrimental to IXC-LD and Telecom One. By reason thereof, the Stockholders agree that IXC-LD and Telecom One shall be entitled, in addition to any other remedies each of them may have under this Agreement or otherwise, to temporary, preliminary and/or permanent injunctive and other equitable relief to prevent or curtail any breach of this Agreement, without proof of actual damages that have been or may be caused to IXC-LD or Telecom One by such breach or threatened breach; provided, however, that no specification in this Agreement of a specific legal or equitable remedy shall be construed as a waiver or prohibition against the pursuing of other legal or equitable remedies in the event of a breach, by either party.

ARTICLE 12 MISCELLANEOUS PROVISIONS

12.1 Entire Agreement. This Agreement, together with the Ancillary Agreements and the Disclosure Schedule, set forth the entire agreement between the parties with regard to the subject matter of this Agreement.

12.2 Governing Law. The validity, construction and performance of this Agreement, and any Action arising out of or relating to this Agreement or any of the Ancillary Agreements, shall be governed by the Laws, without regard to the Laws as to choice or conflict of Laws, of the State of Illinois.

12.3 Interpretation. The language in all parts of this Agreement and each of the other Ancillary Agreements shall be in all cases construed simply according to its fair meaning and not strictly for or against any party. Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa. The captions of the Sections and Subsections of this Agreement are for convenience only and shall not affect the construction or interpretation of any of the provisions of this Agreement.

12.4 Waiver and Amendment. This Agreement may be amended, supplemented, modified and/or rescinded only through an express written instrument signed by all parties or their respective successors and permitted assigns. Any party may specifically and expressly waive in writing any portion of this Agreement or any breach hereof, but only to the extent such provision is for the benefit of the waiving party, and no such waiver shall constitute a further

or continuing waiver of any preceding or succeeding breach of the same or any other provision. The consent by one party to any act for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or similar acts in the future, and no forbearance by a party to seek a remedy for noncompliance or breach by another party shall be construed as a waiver of any right or remedy with respect to such noncompliance or breach.

12.5 Assignment. Except as specifically provided otherwise in this Agreement, neither this Agreement nor any interest herein shall be assignable (voluntarily, involuntarily, by judicial process, operation of Law or otherwise), in whole or in part, by either party without first obtaining the prior written consent of the non-assigning party. Notwithstanding the foregoing, this Agreement and any Ancillary Agreement may be assigned without prior notice or consent to any IXC Affiliate or any entity which merges with or into IXC or IXC-LD or acquires substantially all of the assets of IXC or IXC-LD. Any voluntary attempt at such an assignment, except pursuant to this Section 12.5 shall be void and, at the option of the non-assigning party, shall be an incurable breach of this Agreement resulting in the termination of this Agreement.

12.6 Successors and Assigns. Each of the terms, provisions and obligations of this Agreement shall be binding upon, shall inure to the benefit of, and shall be enforceable by the parties and their respective legal representatives, successors and permitted assigns.

12.7 Notices. All notices, requests, demands and other communications made under this Agreement shall be in writing, correctly addressed to the recipient at the addresses set forth under such recipient's signature on the signature page hereto and shall be deemed to have been duly given; (i) upon delivery, if served personally on the party to whom notice is to be given; or (ii) on the date or receipt, refusal or non-delivery indicated on the receipt if mailed to the party to whom notice is to be given by first class mail, registered or certified, postage prepaid, or by air courier. Any party may give written notice of a change of address in accordance with the provisions of this Section 12.7 and after such notice of change has been received, any subsequent notice shall be given to such party in the manner described at such new address.

12.8 Severability. Each provision of this Agreement is intended to be severable. Should any provision of this Agreement or the application thereof be judicially declared to be or becomes illegal, invalid, unenforceable or void, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such illegal, void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such illegal, void or unenforceable provision.

12.9 Warranty of Authority. Each of the individuals signing this Agreement on behalf of a party hereto warrants and represents that such individual is duly authorized and empowered to enter into this Agreement and bind such party hereto.

12.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute a single agreement.

12.11 IXC Guarantee of Acquisition Corp. IXC hereby guarantees that Acquisition Corp. will perform its obligations as set forth herein. Prior to the Actual Closing, IXC shall cause Acquisition Corp. to be organized as a Delaware corporation and a wholly owned subsidiary of IXC. IXC shall cause Acquisition Corp. to execute this Agreement as of, and with the same effect as of, the date hereof.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

FROM DRINKER BIDDLE REATH

IN WITNESS WHEREOF, each of the parties has executed this Agreement as of the date first set forth above.

"TELECOM ONE":

TELECOM ONE, INC.,
a Delaware corporation

By: *Gordon Hutchins Jr.*
Its: Chairman / Treasurer

Address:

Phone No.:
Fax No.:

THE "STOCKHOLDERS":

William G. Rodi
WILLIAM G. RODI

Address:

Phone No.:
Fax No.:

Gordon Hutchins Jr.
GORDON HUTCHINS, JR.

Address: 1004 Woburn Court
McLean, VA 22102

Phone No.: (703) 760-0060
Fax No.: (703) 734-8572

WILLIAM F. LINSMEIER

Address:

Phone No.:
Fax No.:

"IXC":

IXC COMMUNICATIONS, INC.,
a Delaware corporation

By: _____
Its: _____

Address:

Phone No.:
Fax No.:

"IXC-LD":

IXC LONG DISTANCE, INC.,
a Delaware corporation

By: _____
Its: _____

Address:

Phone No.:
Fax No.:

"ACQUISITION CORP.":

**IXC-TELECOM ONE ACQUISITION
CORP.,** a Delaware corporation

By: _____
Its: _____

Address:

Phone No.:
Fax No.:

IN WITNESS WHEREOF, each of the parties has executed this Agreement as of the date first set forth above.

"TELECOM ONE":

TELECOM ONE, INC.,
a Delaware corporation

By: _____
Its: _____

Address:

Phone No.:
Fax No.:

"IXC":

IXC COMMUNICATIONS, INC.,
a Delaware corporation

By: _____
Its: _____

Address:

Phone No.:
Fax No.:

THE "STOCKHOLDERS":

William G. Rodi
WILLIAM G. RODI

Address:

Phone No.:
Fax No.:

GORDON HUTCHINS, JR.

Address:

Phone No.:
Fax No.:

William F. Linsmeier
WILLIAM F. LINSMEIER

Address:

Phone No.:
Fax No.:

"IXC-LD":

IXC LONG DISTANCE, INC.,
a Delaware corporation

By: _____
Its: _____

Address:

Phone No.:
Fax No.:

"ACQUISITION CORP.":

**IXC-TELECOM ONE ACQUISITION
CORP., a Delaware corporation**

By: _____
Its: _____

Address:

Phone No.:
Fax No.:

IN WITNESS WHEREOF, each of the parties has executed this Agreement as of the date first set forth above.

"TELECOM ONE":

TELECOM ONE, INC.,
a Delaware corporation

By: _____
Its: _____

Address:
1100 Jorie Boulevard, Suite 215
Oak Brook, IL 60521
Phone No.: (630) 571-2700
Fax No.: (630) 571-2725

THE "STOCKHOLDERS":

WILLIAM G. RODI

Address:
1100 Jorie Boulevard, Suite 215
Oak Brook, IL 60521
Phone No.: (630) 571-2700
Fax No.: (630) 571-2725

GORDON HUTCHINS, JR.

Address:
1004 Woburn Court
McKlean, VA 22102
Phone No.: (703) 760-0060
Fax No.: (703) 734-8572

WILLIAM F. LINSMEIER

Address:
14540 Club Drive
Elm Grove, WI 53122
Phone No.: (414) 789-9221
Fax No.: (414) 821-3104

"IXC":

IXC COMMUNICATIONS, INC.,
a Delaware corporation

By: James F. Bull
Its: EXEC. V.P.

Address:
5000 Plaza on the Lake, Suite 200
Austin, TX 78746-1050
Phone No.: (512) 328-1112
Fax No.: (512) 328-0239

"IXC-LD":

IXC LONG DISTANCE, INC.,
a Delaware corporation

By: James F. Bull
Its: EXEC. V.P.

Address:
5000 Plaza on the Lake, Suite 200
Austin, TX 78746-1050
Phone No.: (512) 328-1112
Fax No.: (512) 328-0239

"ACQUISITION CORP.":

**IXC-TELECOM ONE ACQUISITION
CORP.,** a Delaware corporation

By: James F. Bull
Its: EXEC. V.P.

Address:
5000 Plaza on the Lake, Suite 200
Austin, TX 78746-1050
Phone No.: (512) 328-1112
Fax No.: (512) 328-0239